



Vardhman

# Vardhman Textiles Limited



# Outlook of global textile industry: An Indian perspective



*Dear Shareholders,*

*World economy is transitioning into a phase of less volatility and growth revival though sustained world economic growth is still not in sight. Overall financial market conditions have improved but still the monetary easing policy is the key driver of financial market. The easy money policy of Japan and USA signal of withdrawal of quantitative easing measures has seen shift of focus toward these economies away from emerging markets including India. It has created pressure on exchange rates of emerging economies having high current account deficit and fiscal deficit.*

*The real economy in Asia is also on slower growth path due to China's increased attention for development of domestic market and slower export growth. It is expected that it would translate into lower growth in the export demand for commodity exporting economies in rest of the world. From this, it can be inferred safely that next couple of years are of consolidation and to avoid fallback in recession before the world economy can enter into faster economic growth phase in future.*

*Indian economy is also expected to grow at a slower rate at 5-6% for next couple of years. It largely depends upon the policy actions of the contemporary government to augment public and private sector investment in infrastructure building, power generation alongside addressing policy bottlenecks hindering capital formation in the country.*

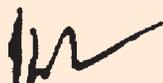
*The first 5 months trends of textile and clothing imports of USA indicates a revival after a marginal decline in imports in 2012. USA textile and clothing imports grew by 5% during Jan-May 2013. Bangladesh textile and clothing exports reached \$21.5 bn (June-July 2012) and recorded impressive growth of 12% over last year. India has also posted 12% growth in cotton textile exports but overall exports declined marginally. The rise in India's cotton textile exports can be attributed to declining competitiveness of China in producing cotton yarn, growing exports of cotton fabric from the country and improved performance of home textiles exports.*

*Looking forward, India's textile material exports including yarns and fabric may continue to grow subject to no significant change in China's cotton reserve policy, difference in domestic cotton price in India and international cotton prices. However, the growing wage cost and power cost are offsetting the contemporary advantage of devalued rupee and is a cause of concern.*

*The Government of India has formulated an expert group to formulate National Textile Policy, which is expected to look into the issues of global competitiveness of the Indian textile industry including growth in exports. We hope the Group will give some actionable policy inputs to put the textile industry on sustained growth path.*

*At Vardhman, we continue to watch the global economic developments and policy initiatives being taken by the Government of India to dovetail our strategy to meet the emerging business situation by continuous modernization, de-bottleneck our existing facilities and focusing on more value addition. I think these are times to pause and consolidate before entering in the next phase of growth.*

*With best wishes,*



*(SHRI PAUL OSWAL)  
Chairman & Managing Director*

**BOARD OF DIRECTORS**

MR. SHRI PAUL OSWAL — *Chairman & Managing Director*  
 MR. S. PADMANABHAN — *(Nominee of IDBI)*  
 MR. ARUN KUMAR PURWAR  
 MR. PRAFULL ANUBHAI  
 DR. SUBASH KHANCHAND BIJLANI  
 MR. ASHOK KUMAR KUNDRA  
 MR. DARSHAN LAL SHARMA  
 MR. SHRAVAN TALWAR  
 MRS. SUCHITA JAIN — *Executive Director*  
 MR. SACHIT JAIN — *Executive Director*  
 MR. NEERAJ JAIN — *Executive Director*

**CGM (FINANCE, ACCOUNTS & TAXATION)**

MR. RAJEEV THAPAR

**COMPANY SECRETARY**

MS. KARAN KAMAL WALIA

**AUDITORS**

M/S S.C. VASUDEVA & CO.,  
 CHARTERED ACCOUNTANTS,  
 NEW DELHI

**BANKERS**

STATE BANK OF PATIALA, ALLAHABAD BANK  
 ICICI BANK LIMITED, PUNJAB NATIONAL BANK  
 STATE BANK OF INDIA, BANK OF INDIA  
 CORPORATION BANK, IDBI BANK LIMITED  
 CANARA BANK, STANDARD CHARTERED BANK  
 STATE BANK OF HYDERABAD, STATE BANK OF MYSORE  
 AXIS BANK LIMITED, EXIM BANK  
 ORIENTAL BANK OF COMMERCE

**REGISTRAR & TRANSFER AGENT**

ALANKIT ASSIGNMENTS LIMITED, NEW DELHI

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## REGISTERED & CORPORATE OFFICE

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E-mail: secretarial.lud@vardhman.com  
Web site: www.vardhman.com

## WORKS

**ANANT SPINNING MILLS,  
MANDIDEEP**

**ARIHANT SPINNING MILLS,  
MALERKOTLA**

**ARISHT SPINNING MILLS,  
BADDI**

**AURO DYEING,  
BADDI**

**AURO SPINNING MILLS,  
BADDI**

**AURO TEXTILES,  
BADDI**

**AURO WEAVING MILLS,  
BADDI**

**MAHAVIR SPINNING MILLS,  
(GASSED MERCERISED YARN UNIT),  
HOSHIARPUR**

**MAHAVIR SPINNING MILLS,  
(TEXTILE DIVISION), BADDI**

**VARDHMAN SPINNING AND GENERAL MILLS,  
(UNIT-I & II), LUDHIANA**

**VARDHMAN SPINNING MILLS,  
BADDI**

**VARDHMAN FABRICS,  
BUDHNI**

**VARDHMAN YARNS,  
SATLAPUR**

**VARDHMAN FABRICS,  
(POWER DIVISION),  
BUDHNI**

**VARDHMAN YARNS,  
(POWER DIVISION),  
SATLAPUR**

## BRANCHES

- P-22, 3rd Floor, Flat No.6,  
C.I.T. Road, Scheme IV,  
KOLKATA- 700 014.
- Chandigarh Road,  
LUDHIANA- 141 010.
- 314, Solaris II, Opp. L&T Gate  
No.6, Saki Vihar Road,  
Andheri (East), MUMBAI- 400 072.
- 504, Dalamal House,  
Nariman Point, MUMBAI- 400 021.
- 309-310, Surya Kiran Building,  
19, Kasturba Gandhi Marg,  
NEW DELHI- 110 001.
- 377-B, Muthuswami Industrial  
Complex, Palladam Road, TIRUPUR- 638 604.
- 1<sup>st</sup> Floor, Palm Court,  
Opp. Management Development Institute,  
MG Road, Sector - 16,  
GURGAON - 122 001.

## NOTICE

Notice is hereby given that the 40<sup>th</sup> ANNUAL GENERAL MEETING of Vardhman Textiles Limited will be held on Saturday, the 31<sup>st</sup> day of August, 2013 at 12.00 Noon at the Registered Office of the Company situated at Chandigarh Road, Ludhiana, to transact the following business:-

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013, Statement of Profit and Loss for the year ended on that date, together with Reports of Board of Directors and Auditors thereon.
2. To declare Dividend.
3. a) To appoint a Director in place of Mr. A.K. Purwar, who retires by rotation in accordance with Article 108 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
- b) To appoint a Director in place of Mr. D.L. Sharma, who retires by rotation in accordance with Article 108 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
4. To appoint Auditors for the year 2013-2014 and to fix their remuneration.

### SPECIAL BUSINESS:

5. To Consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:-

“RESOLVED THAT in supersession of the earlier resolution passed by the Members in their General Meeting of the Company held on 25th August, 2005 and pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956 and all other applicable provisions, if any, consent of the Members be and is hereby accorded to the Board of Directors of the Company to borrow monies together with monies already borrowed by the Company (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business) upto ₹ 2,200.00 crore (Rupees Twenty Two Hundred crore only) outstanding at any time in excess of the aggregate of its paid-up capital and free reserves.”

6. To Consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:-

“RESOLVED THAT pursuant to the provisions of Section 269, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Mr. Neeraj Jain, be and is hereby re-appointed as an Executive Director of the Company for a period of three years with effect from 1st April, 2013 to 31<sup>st</sup> March, 2016 on a remuneration as detailed below:-

S.NO.	REMUNERATION	DETAILS
I.	Basic Salary	Basic Salary will be in the scale of ₹ 1,35,000 – ₹ 12,500 – ₹ 1,60,000 per month.
II.	Commission	Commission equal to 1% of the Net Profit of the Company subject to maximum of 75% of the Annual Basic Salary.

III.	Special Allowance	Special allowance @ ₹40,000 per month.
IV.	Other Allowances	Other allowances @ ₹10,500 per month.
V.	Perquisites	The perquisites shall be allowed in addition to basic salary, special allowance and commission. However, such perquisites shall be restricted to an amount equal to one year’s basic salary during each year as per details given below:-
	a) Housing	House Rent Allowance equal to 40% of basic salary.
	b) Medical Reimbursement	Reimbursement of medical expenses incurred by the appointee (including medi-claim insurance premium) on self and his family, subject to ceiling of one month’s basic salary in a year or three month’s basic salary over a period of three years.
	c) Leave Travel Concession	The expenses incurred on leave travel by the appointee on self and his family shall be reimbursed once in a year in accordance with the rules specified by the Company subject to a maximum of ₹ 40,000 per annum.
	d) Personal Accident Insurance	Premium not to exceed ₹ 5,000 per annum.
	e) Provident Fund & other funds	Contribution to provident fund, superannuation fund or annuity fund and this will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961. The said contribution will also be subject to the rules framed by the Company in this respect.
	f) Gratuity	Gratuity payable shall not exceed half a month’s salary for each completed year of service and this shall not be included in the computation of ceiling on perquisites. This will, however, be subject to the ceiling prescribed by the Central Government from time to time.
	g) Car	Free use of Company’s car for official work as well as for personal purposes along with Driver.



**Explanation: "Family"** means the spouse, the dependent children and dependent parents of the appointee.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to vary/ alter at any time the remuneration, terms and conditions of the said appointment in such manner as may be approved by the Board of Directors of the Company and are acceptable to Mr. Neeraj Jain.

RESOLVED FURTHER THAT Mr. Sachit Jain, Executive Director, be and is hereby authorised to execute an agreement on behalf of the Company with Mr. Neeraj Jain."

7. To Consider and if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution:-**

"RESOLVED THAT pursuant to provisions of Section 309, 310, and other applicable provisions, if any, of the Companies Act, 1956, approval of the Members of the Company be and is hereby given to the enhancement of the sitting fees payable to the Directors of the Company from ₹ 15000/- and ₹ 10,000/- per Meeting to ₹ 20,000/- and ₹ 15,000/- per Meeting for attending the Board Meeting and Committee Meeting respectively."

#### BY ORDER OF THE BOARD

PLACE : GURGAON  
DATED : 28th May, 2013

(KARAN KAMAL WALIA)  
Company Secretary

#### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. THE BLANK PROXY FORM IS ENCLOSED.
2. The information pursuant to Corporate Governance Clause of the Listing Agreement(s) regarding the directors seeking appointment/re-appointment in the Annual General Meeting as proposed in Item No. 3 of the notice is also being annexed hereto separately and forms part of the Notice.
3. **The Register of Members and the Share Transfer Books of the Company shall remain closed from 19<sup>th</sup> August, 2013 to 31<sup>st</sup> August, 2013 (Both days inclusive).**
4. The Members holding shares in physical mode are requested to notify the change in their address, if any, at the earliest to the Registrar & Transfer Agent/Company. However, members holding shares in electronic mode may notify the change in their address, if any, to their respective Depository Participants.

5. The Securities and Exchange Board of India has made it mandatory for all Companies to use the bank account details furnished by the Depositories and the bank account details maintained by the Registrar and Transfer Agents for payment of dividend through Electronic Mode to investors wherever bank details are available. In the absence of Electronic Clearing Services (ECS) facilities, the Company will print the bank account details, if available, on the payment instruments for distribution of dividend. The Company will not entertain any direct request from Members holding shares in electronic mode for deletion of/change in such bank details. Further, instructions if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic mode. Members who wish to change such bank account details are, therefore, requested to advise their Depository Participants about such change, with complete details of bank account.
6. Members desiring any information, as regards Accounts of the Company, are requested to write to the Company at its Registered Office at least 10 days before the date of Annual General Meeting so as to enable the management to keep the information ready.
7. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day between 10.30 A.M. to 12.30 P.M.
8. Members are requested to bring their copy of Annual report along with them to the Annual General Meeting.
9. Members holding shares in the same/identical name(s) under different folios are requested to apply for consolidation of such folios and send relevant share certificates to the Company/Registrar and Transfer Agent.
10. The Ministry of Corporate Affairs, Government of India, has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars allowing Companies to send official documents to their Members electronically.

In support of the Green Initiative, Your Company proposes to send the documents like Notice calling the Annual General Meeting and Annual Report containing Balance Sheet, Statement of Profit & Loss and Director's Report, etc. and other communications in electronic form.

The Members are requested to support this Green Initiative by registering/updating their e-mail addresses with the Depository Participant (in case of shares held in dematerialised form) or with Registrar & Transfer Agent-Alankit Assignments Limited, New Delhi (in case of shares held in physical form).

#### BY ORDER OF THE BOARD

PLACE : GURGAON  
DATED : 28th May, 2013

(KARAN KAMAL WALIA)  
Company Secretary

## ANNEXURE TO THE NOTICE

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

#### ITEM NO. 5 OF THE SPECIAL BUSINESS

Pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, the members in their General Meeting held on 27<sup>th</sup> August, 2005 had authorised the Board of Directors of the Company to borrow funds upto a limit of ₹ 1,200.00 crore over and above the paid-up capital and free reserves of the Company. Keeping in view of the on-going expansions of the Company and to provide for future requirements, it is proposed to increase the said limit of borrowings of the Company. The Board of Directors in its meeting held on 28<sup>th</sup> May, 2013, has approved the enhancement of the abovesaid borrowing limits from ₹ 1,200.00 crore to ₹ 2,200.00 crore. This enhancement in borrowing limit is subject to approval of Members of the Company. Accordingly, your approval is solicited for the same.

#### MEMORANDUM OF INTEREST:

None of the Directors of the Company is interested or concerned in the resolution.

#### ITEM NO. 6 OF THE SPECIAL BUSINESS

The Board of Directors in its meeting held on 31<sup>st</sup> March, 2010 had appointed Mr. Neeraj Jain as the Executive Director of the Company w.e.f. 1<sup>st</sup> April, 2010 for a period of three years. The said term of three years ended on 31<sup>st</sup> March, 2013. Therefore, the Board of Directors in its meeting held on 7<sup>th</sup> February, 2013 re-appointed Mr. Neeraj Jain as the Executive Director of the Company for a further period of three years w.e.f. 1<sup>st</sup> April, 2013. The terms and conditions of the remuneration

are detailed in the resolution. His appointment is subject to the approval of the Members. Accordingly, your approval is solicited.

#### MEMORANDUM OF INTEREST:

None of the Directors of the Company, except Mr. Neeraj Jain, the appointee himself, is interested or concerned in the resolution.

#### ITEM NO. 7 OF THE SPECIAL BUSINESS

Article 96 of the Articles of Association of your company provides for payment of sitting fee to every director for attending a meeting of the Board or its Committee subject to such maximum fee as may be prescribed by the Central Government from time to time. In terms of Circular No. G. S. R. 580 (E) dated 24.07.2003 issued by the Central Government, your Company can pay a maximum amount of ₹ 20,000/- as sitting fee for each meeting of the Board or its Committee thereof.

Keeping in view, the contribution, participation and valuable guidance of the Directors in the affairs of the Company, the Board of Directors of the Company in its meeting held on 28<sup>th</sup> May, 2013 had enhanced the sitting fee from ₹ 15,000/- to ₹ 20,000/- per meeting for attending Board meeting and from ₹ 10,000/- to ₹ 15,000/- per meeting for attending the Committee Meeting. This increase in sitting fee of Directors is subject to the consent of the Members in General Meeting. Accordingly, your approval is solicited.

#### MEMORANDUM OF INTEREST:

Except Mr. S.P. Oswal, Chairman & Managing Director, Mr. D.L. Sharma, Director, Mr. Sachit Jain, Mrs. Suchita Jain and Mr. Neeraj Jain, Executive Directors, all other Directors of the Company are concerned or interested in this resolution.



**Information Pursuant to Corporate Governance Clause of the Listing Agreement(s) regarding the Directors seeking re-appointment in the Annual General Meeting**

<b>Name of the Director</b>	<b>Mr. A.K. Purwar</b>	<b>Mr. D.L. Sharma</b>
<b>Date of Birth</b>	14.05.1946	10.11.1948
<b>Date of Appointment</b>	01.06.2007	08.05.1985
<b>Expertise in specific functional area</b>	Eminent Banker having experience of more than 39 years in Banking.	Business Executive having experience of more than 38 years in Textile and Sewing Thread Business.
<b>Qualification</b>	M.Com, PGDCA	B.Sc. (Engg.), M.B.A.
<b>Directorships of Other Companies as on 31<sup>st</sup> March, 2013</b>	<ol style="list-style-type: none"> <li>1. Reliance Communications Limited</li> <li>2. Jindal Steel &amp; Power Limited</li> <li>3. Apollo Tyres Limited</li> <li>4. India Infoline Limited</li> <li>5. Jindal Power Limited</li> <li>6. C&amp;C Constructions Limited</li> <li>7. IL&amp;FS Renewable Energy Limited (IREL)</li> <li>8. Sri Kavary Medical Care (Trichy) Limited</li> <li>9. PHL Capital Private Limited</li> <li>10. PHL Finance Private Limited</li> <li>11. Vardhman Chemtech Limited</li> <li>12. India Venture Advisors Private Limited</li> <li>13. Energy Infratech Private Limited</li> <li>14. ONGC-Tripura Power Co. Private Limited</li> <li>15. Mizuho Securities India Private Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. Vardhman Acrylics Limited</li> <li>2. VTL Investments Limited</li> <li>3. VMT Spinning Company Limited</li> <li>4. Vardhman Yarns &amp; Threads Limited</li> <li>5. Vardhman Nisshinbo Garments Company Limited</li> </ol>
<b>Memberships of Committees of Other Companies as on 31<sup>st</sup> March, 2013</b>	<p><b>Investor's Grievance Committee:</b></p> <ol style="list-style-type: none"> <li>1. Reliance Communications Limited</li> </ol> <p><b>Audit Committee:</b></p> <ol style="list-style-type: none"> <li>1. Reliance Communications Limited</li> <li>2. Jindal Power Limited</li> <li>3. Sri Kavary Medical Care (Trichy) Limited</li> <li>4. ONGC Tripura Power Company Private Limited</li> <li>5. PHL Finance Private Limited</li> <li>6. PHL Capital Private Limited</li> </ol> <p><b>Remuneration Committee:</b></p> <ol style="list-style-type: none"> <li>1. Reliance Communications Limited</li> <li>2. IL&amp;FS Renewable Energy Limited (IREL)</li> </ol>	<p><b>Audit Committee:</b></p> <ol style="list-style-type: none"> <li>1. Vardhman Acrylics Limited</li> <li>2. VMT Spinning Company Limited</li> <li>3. Vardhman Yarns &amp; Threads Limited</li> <li>4. Vardhman Nisshinbo Garments Company Limited</li> </ol> <p><b>Investor's Grievance Committee:</b></p> <ol style="list-style-type: none"> <li>1. Vardhman Acrylics Limited</li> </ol>
<b>No. of shares held in Company</b>	<b>NIL</b>	<b>3,319</b>
<b>Relationship with other Director(s)</b>	Not related to any Director	Not related to any Director

## DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting their 40<sup>th</sup> Annual Report on the affairs of the Company together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2013.

### 1. FINANCIAL RESULTS:

The Financial Results for the year are as under :-

#### PARTICULARS

	2012-2013	2011-2012
Revenue from operations (Net)	4,159.71	3,918.00
Profit before Depreciation, Interest & Tax (PBDIT)	883.05	553.35
Interest and Financial expenses	174.35	173.22
Profit before Depreciation and Tax (PBDT)	708.70	380.13
Depreciation	253.86	234.67
Profit before Tax (PBT)	454.84	145.46
Provision for Tax - Current (Including tax adjustment of previous year)	106.82	29.75
- Deferred Tax (Net of Adjustment)	24.29	6.04
Tax adjustment of previous years	-	(0.002)
Profit for the period after tax (PAT)	323.73	109.67
Add: Corporate Dividend Tax written back	1.21	1.38
Balance brought forward	306.64	243.88
Balance available for appropriation	631.58	354.93
<b>Appropriations:</b>		
Proposed dividend on:		
-Equity shares	38.19	28.64
-Corporate Dividend Tax	6.49	4.65
Transfer to General Reserve	35.00	15.00
Closing Balance of surplus i.e. Balance in Statement of Profit & Loss	551.90	306.64
Earnings per share (₹)		
- Basic	50.86	17.23
- Diluted	50.86	17.23
Dividend per share (₹)	6.00	4.50

### 2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

#### A) BUSINESS REVIEW:

##### Economic Outlook

Global economic outlook has been improving and expected to grow above 3% in 2013 and 4% in 2014, though the growth is not uniform even among the developed countries. For instance, private demand in USA has been growing giving strength to the recovery there but similar indications are missing in EU. USA is estimated to grow by 1.9% in 2013 followed by 3% in 2014 whereas EU may record 0.3% growth in 2013 followed by 1.1% growth in 2014. Growth in Japan is expected to marginally reduce in 2013 and 2014. The driver of the developed countries' growth is mainly monetary easing which needs to be substituted with more fundamental forces to make it sustainable. Success in avoiding euro area breakup and deferment of fiscal contraction helped the world economy to recover some ground in economic growth.

The emerging economies especially in Asia are likely to grow by 7% for next couple of years, which is less than the growth rate achieved in the past. It is mainly due to some slowdown in export sector of the leading economies like China and partially due to the China's efforts to rebalance economy towards domestic and consumption side from exports and investments. It is expected that such a move would strengthen the growth in emerging economies in coming years.

In world trade, the projected higher export growth rates of (6-7%) of emerging economies than developed economies in 2013 and 2014, especially in non fuel categories indicate good scope of manufacturing exports from developing countries. Exports may grow within emerging economies in years to come.

The mean value of different GDP growth estimates of Indian economy shows that Indian economy may grow in the range of 5-6% in financial year 2013-14. The stubborn current account deficit, fiscal deficit and a lacklustre performance of manufacturing sector

especially catering to exports are some factors affecting the business climate and investor confidence in the country adversely. It is expected to take a couple of years before Indian economy can again reach 8 plus GDP growth path though reduction in international oil and commodities prices may lend some respite to manufacturing competitiveness of Indian economy.

## Cotton

During 2012-13, the International cotton prices benefited radically from the policies of the Chinese Government. Although the global stock-to-use ratio is forecast at 72% for financial year 2012-13, the highest in over 60 years, it must be borne in mind that a large part of world cotton stocks are in the hands of the Chinese government. Though the future Chinese policies remain unclear, but it does not seem that the reserve cotton will be released in quantities large enough to significantly undermine domestic Chinese prices or international cotton prices.

In 2012-13, global cotton production is estimated at 26.4 million tons, down by 5%, while cotton mill use is expected to rise by 6%. With consumption anticipated at 23.5 million tons, the global stocks at the end of July 2013 are forecast at a record 17.9 million tons, up 19% from the previous year.

In 2013-14, world area under cotton cultivation is likely to drop by 5-6% due to better prices available to farmers against alternative crop. Globally, the cotton production is estimated at around 25.5 million tons against consumption of about 24.5 million tons. The major increase in stock will happen in China whereas the world stock minus China is likely to be reduced.

## Cotton Balance sheet – India

The cotton production in India in the current season (October- September) is estimated to be around 34 million bales. The exports of cotton are estimated at 10 million bales as compared to 12.9 million bales in 2011-12. Domestic consumption of cotton increased by 13% as compared to last year. Consequently, the closing stock of cotton is expected to get substantially reduced.

In 2013-14, it is anticipated that the area under cotton cultivation in the country will reduce by around 5% again due to better margins in alternative crops. However, with the forecast of normal and on time monsoons the yield is likely to be better than the year 2012-13.

## Yarn

Cotton yarn production in India increased by about

14% during the year 2012-13. Most Indian yarn manufacturers experienced high demand from domestic as well as export market, mainly from China during the financial year 2012-13. Favourable policy environment, improved demand supply position and favourable input costs were some of the other driving factors that led to improvements in margins.

With lower cotton prices, depreciating rupee, slow but steady pick up in domestic demand and continued likely demand of cotton yarn from China, yarn manufacturers expect to maintain their margins in the coming quarters. Also, Foreign Direct Investment in retail is an opportunity that would unleash demand in the long run and offset any slowdown in the spinning sector.

## Company's Future Outlook:

In order to cater to its ever increasing customer base, your Company is expanding its existing spinning capacities with installation of additional spindles at Budhni and Satlapur. The projects are expected to commence commercial production during the coming year. An additional 220 looms shall also be commissioned by December 2013. Apart from these expansions, the Company continues to modernize its capacities and go in for line balancing as and when required.

Your Company also continues to lay emphasis on process improvements, diversification of products, rationalization of costs, improving efficiencies and building a strong customer base.

## B) FINANCIAL ANALYSIS AND REVIEW OF OPERATIONS:

### • Production & Sales Review:

During the year under review, your Company has registered Revenue from operations (turnover) of ₹ 4,159.71 crore as compared to ₹ 3,918.00 crore showing an increase of 6.17% over previous year. The exports of the Company decreased from ₹ 1,603.08 crore to ₹ 1,599.59 crore showing a decline of 0.22% over the previous year. The business wise performance is as under:-

#### a). Yarn:

The production of Yarn increased from 138,046 MT to 148,003 MT during the year 2012-13. The sales revenue of yarn increased from ₹ 2,421.77 crore to ₹ 2,523.46 crore during the year under review showing an increase of 4.20%.

#### b) Fabric:

During the year, the production of fabric (grey and

processed) increased from 187.12 million meter to 219.00 million meter, showing an increase of 17.04% over the previous year. The sales revenue of the fabric (grey and processed) also increased from ₹ 1,199.81 crore to ₹ 1,366.96 crore showing an increase of 13.93% over the previous year.

• **Profitability:**

The Company earned profit before depreciation, interest and tax of ₹ 883.05 crore as against ₹ 553.35 crore in the previous year. After providing for depreciation of ₹ 253.86 crore (Previous year ₹ 234.67 crore), interest of ₹ 174.35 crore (Previous Year ₹ 173.22 crore), provision for tax ₹ 106.82 crore (Previous year ₹ 29.75 crore), provision for deferred tax (net of adjustments) ₹ 24.29 crore (previous year ₹ 6.04 crore), the net profit from operations worked out to ₹ 323.73 crore as compared to ₹ 109.67 crore in the previous year.

• **Resources Utilisation:**

a). **Fixed Assets:**

The net fixed assets (including work-in-progress) as at 31<sup>st</sup> March, 2013 were ₹ 2,548.41 crore as compared to ₹ 2,377.06 crore in the previous year.

b). **Current Assets:**

The current assets as at 31<sup>st</sup> March, 2013 were ₹ 2,889.10 crore as against ₹ 2,368.03 crore in the previous year. Inventory level was at ₹ 1,499.44 crore as compared to the previous year level of ₹ 1,315.23 crore.

• **Financial Conditions & Liquidity:**

The Company enjoys a rating of “AA/stable” from Credit Rating Information Services of India (CRISIL) for long term borrowings and “A1+” for short term borrowings respectively. Management believes that the Company’s liquidity and capital resources should be sufficient to meet its expected working capital needs and other anticipated cash requirements. The position of liquidity and capital resources of the Company is given below:-

	(₹ in crore)	
	2012-2013	2011-2012
<b>Cash and Cash equivalents:</b>		
Beginning of the year	58.42	48.74
End of the year	26.63	58.42
<b>Net cash provided (used) by:</b>		
Operating Activities	264.73	930.32
Investing Activities	(464.54)	(503.62)
Financing Activities	168.03	(417.02)

**C) INTERNAL CONTROL SYSTEM:**

The Company has well defined internal control system. The Company takes abundant care to design, review and monitor the working of internal control system. Internal Audit in the organization is an independent appraisal activity and it measures the efficiency, adequacy and effectiveness of other controls in the organization. All significant issues are brought to the attention of the Audit Committee of the Board.

**D) MANAGEMENT PERCEPTION OF RISK AND CONCERN:**

The textile business, like other businesses, is susceptible to various risks. The primary risk factor is raw material prices, mainly cotton, which is the largest component of cost. Since cotton is an agriculture produce, it suffers from climatic volatility in the major cotton producing countries. This in turn creates uncertainties for textile manufacturers.

Another important issue is the availability, quality and price of power. The availability of good quality power at reasonable prices is critical for sustainability of the industry. However, the cost of power has been continuously increasing, adding to input cost pressure in the industry. The non -availability of skilled manpower along with high labour cost prevailing in the country is growing concern area for textile industry.

We are making all efforts to cope up with the challenges through continuous cost reduction, process improvements, diversification of products, rationalization of costs, training the workforce on the continued basis, improving efficiencies and creating a strong customer oriented approach.

**E) HUMAN RESOURCES/INDUSTRIAL RELATIONS:**

The Company continues to lay emphasis on building and sustaining an excellent organizational climate based on human performance. Performance management is the key word for the company. During the year, the Company employed around 25,000 employees.

Pursuit of proactive policies for industrial relations has resulted in a peaceful and harmonious situation on the shop floors of the various plants.

**3. SUBSIDIARIES:**

The Company has following subsidiary companies, the details of financial performance of which are given below:-

**VMT Spinning Company Limited (VMT)**

The business of this subsidiary of the Company which is a Joint Venture with Marubeni Corporation, Marubeni HongKong and South China Limited and Toho Tenax Limited of Japan has improved as compared to last year. The Revenue from operations of VMT has increased to ₹ 147.45 crore from ₹ 144.51 crore in the last year. The

Company earned a net profit of ₹ 5.45 crore as against net loss of ₹ 1.87 crore in the previous year due to better margins available. Out of the total present paid-up capital of ₹ 20.70 crore, your Company holds 73.33 %. The Board of Directors of VMT has recommended a dividend @ 10% on its paid up equity share capital for the year 2012-13.

#### **VTL Investments Limited (VTL)**

This 100% subsidiary of your Company is engaged with the business of investments in shares, bonds, debentures etc. The earnings of the company mainly comes from the dividend/interest earned on its investments and profits made on sale of investments. During the year, VTL has earned a net profit of ₹ 2.06 crore.

#### **Vardhman Acrylics Limited (VAL)**

Vardhman Acrylics Limited (VAL) is another subsidiary of the Company which is engaged in the business of manufacturing of Acrylic Fibre. The Company held 67.37% shares in VAL as at the end of the year under review. During the Financial Year 2012-13, VAL recorded Revenue from operations of ₹ 436.49 crore (including Trading of goods of ₹ 134.72 crore) as against ₹ 390.14 crore (Including Trading of goods ₹ 88.04 crore) in corresponding period last year. The net profit for the year has decreased marginally to ₹ 24.40 crore from ₹ 24.49 crore in the previous year. During the year, VAL bought back and extinguished 13,906,160 of its Equity Shares of ₹ 10/- each out of maximum of 20,000,000 Equity shares as approved by its Board of Directors.

#### **Vardhman Yarns & Threads Limited (VYTL)**

This subsidiary of the Company, a Joint Venture with American & Efirid Inc. (A&E), is engaged in the business of Threads Manufacturing and Distribution. VYTL is a joint venture partnership of 51:49 with A&E, which is the second largest player in Threads Manufacturing and Distribution across the world. During the year under review, the Revenue from Operations were ₹ 540.54 crore as against ₹ 464.69 crore in the previous year registering an increase of 16.32%. The Net Profit for the year was ₹ 43.15 crore as compared to ₹ 39.70 crore during last year recording an increase of 8.69%. This has been possible because of increase in production and sales revenue in all the verticals i.e. Consumers, Industrial and Specialty products. The Board of Directors of VYTL has recommended a dividend @ 30%, on its paid up equity share capital, for the year 2012-13.

#### **Vardhman Nisshinbo Garments Company Limited (VNGL)**

This subsidiary of the Company which is a Joint Venture partnership of 51:49 with Nisshinbo Textiles Inc., Japan for manufacturing world class men's shirts. During the year, the Revenue from Operations of VNGL was ₹ 17.66 crore

as compared to ₹ 7.43 crore in the previous year. VNGL incurred a net loss of ₹ 4.86 crore as against ₹ 4.24 crore in the previous year. This is on account of lower productivity, labour turnover and lack of skilled workers. VNGL is expected to stabilize its business operations during the next financial year.

#### **4. DIVIDEND:**

The Board of Directors of your Company has recommended dividend of ₹ 6.00/- per share on the Fully Paid-up Equity Shares of the Company.

#### **5. DIRECTORS:**

Mr. A.K. Purwar and Mr. D.L. Sharma, Directors of the Company, retire by rotation at the conclusion of the forthcoming Annual General Meeting, pursuant to the provisions of Article 108 of the Articles of Association of the Company and being eligible, offer themselves for re-appointment. The Board recommended their appointment for the consideration of the members of the Company at the ensuing Annual General Meeting.

#### **6. CORPORATE GOVERNANCE:**

The Company has in place a system of Corporate Governance. A separate report on Corporate Governance forming part of the Annual Report of the Company is annexed hereto. A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Corporate Governance Clause of the Listing Agreement(s) is annexed to the report on Corporate Governance.

#### **7. AUDITORS:**

M/s. S.C. Vasudeva & Company, Chartered Accountants, New Delhi, Auditors of the Company, retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

#### **8. AUDITORS' REPORT:**

The Statutory Auditors of the Company have submitted Auditors' Report on the accounts of the Company for the accounting year ended March 31, 2013. This Auditors' Report is self-explanatory and requires no comments.

#### **9. COST AUDITORS:**

The Board of Directors has appointed M/s. Ramanath Iyer & Company, Cost Accountants, New Delhi as the Cost Auditors of the Company under Section 233B of the Companies Act, 1956 read with Cost Audit Rules, 2011 for the year 2013-14. The Cost Auditors' Report for the financial year 2012-13 will be forwarded to the Central Government as required under law.

## 10. STATEMENT OF PARTICULARS OF EMPLOYEES:

A Statement of Particulars of Employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 including amendments thereon is enclosed and forms part of this report.

## 11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Energy conservation continues to be an area of major emphasis in your Company. Efforts are made to optimize the energy cost while carrying out the manufacturing operations. Particulars with respect to conservation of energy and other areas as per Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are annexed hereto and form part of this report.

## 12. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section-217 (2AA) of the Companies Act, 1956, the Directors confirm that in the preparation of the annual accounts, the applicable accounting standards have been followed;

- a. appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give

a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2013 and of the profit of the Company for the year ended on 31<sup>st</sup> March, 2013;

- b. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- c. the annual accounts have been prepared on a going concern basis.

## 13. ACKNOWLEDGEMENT:

Your Directors are pleased to place on record their sincere gratitude to the Government, Financial Institutions, Bankers and Business Constituents for their continued and valuable co-operation and support to the Company. They also take this opportunity to express their deep appreciation for the devoted and sincere services rendered by the employees at all levels of the operations of the Company during the year.

**FOR AND ON BEHALF OF THE BOARD**

(S.P. OSWAL)

**CHAIRMAN &  
MANAGING DIRECTOR**

**PLACE : GURGAON  
DATED : 28<sup>th</sup> May, 2013**



**II. TECHNOLOGY ABSORPTION:**

Efforts made in Technology Absorption are furnished in Form-B as enclosed herewith: -

**Form-B:****A) RESEARCH AND DEVELOPMENT (R&D):****1. Specific areas in which Research & Development is carried out by the Company:**

Research & Development is carried out for development of new products and for improvement in the production process and quality of products. The Company has been able to pioneer the launch of new products that have been successful in the market due to its R&D efforts.

**2. Benefits derived as a result of R & D:**

The Company has been continuously improving the quality of its existing products and entered into new products and also been able to reduce the cost of production.

**3. Future Course of action:**

Management is committed to strengthen R & D activities further to improve its competitiveness in times to come.

**4. Expenditure on R & D:**

	(₹ in lac)	
	2012-13	2011-12
Capital	33.31	319.84
Recurring	74.49	59.02
Total	107.80	378.86
Total R & D expenditure as a Percentage of turnover is	0.026%	0.097%

**B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:****1. Efforts made:**

The Company is continuously making efforts for adaptation of latest technology in all its units. The

Company has also created specific cells for studying and analysing the existing processes for further improvement.

**2. Particulars of technology imported in the last five years.**

a) Technology imported	NIL
b) Year of import	N.A.
c) Has technology been fully absorbed	N.A.

**III. FOREIGN EXCHANGE EARNINGS AND OUTGO:****Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plans are given hereunder:**

- Exports of Yarns Diversified into new Products & Markets with continuous growth.
- Focus on Exports of Value Added Products continued and the contribution of Value Added Products in Total Exports of financial year 2012-13 is around 26%.
- Continuous enhancement in the sale of more environment friendly yarns.
- Achieved the annual growth targets in exports.
- Targeting the same level of growth in the next financial year.

**Total Foreign Exchange earned and used:**

	(₹ in crore)	
	2012-13	2011-12
a). Earnings (FOB value of Exports)	1,599.59	1,603.08
b). Outgo (CIF value of Imports and expenditure in foreign currency)	369.79	303.31

**STATEMENT OF PARTICULARS OF EMPLOYEES**

**INFORMATION REQUIRED AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 INCLUDING AMENDMENTS THEREON AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013.**

**(A) PERSONS EMPLOYED THROUGHOUT THE FINANCIAL YEAR, WHO WERE IN RECEIPT OF REMUNERATION WHICH, IN THE AGGREGATE, WAS NOT LESS THAN ₹ 60,00,000/- PER ANNUM**

S. No.	Name of Employee	Designation/Nature of duties	Remuneration (In ₹ lac)	Qualification	Age (Years)	Experience (Years)	Date of Employment	Particulars of last Employment
1.	Mr. S.P. Oswal	Chairman & Managing Director	1,002.64	M.Com.	71	46	01.06.2005	Chairman and Managing Director (Vardhman Spinning and General Mills Limited)

## CORPORATE GOVERNANCE REPORT

This report on corporate governance forms part of the Annual Report. Corporate governance refers to a combination of laws, regulations, procedures, implicit rules and good corporate practices that ensure that a Company meets its obligations to optimize shareholders' value and fulfil its responsibilities to the community, customers, employees, Government and other segments of society. Your Company is committed on adopting the best practices of Corporate Governance as manifested in the Company's functioning to achieve the business excellence by enhancing long-term shareholders' value. Efficient conduct of the business of the Company through commitment to transparency and business ethics in discharging its corporate responsibilities is hallmark of the best practices followed by the Company. This report on Corporate Governance, besides being in compliance of the mandatory Listing Agreement(s), gives an insight into the functioning of the Company.

### 1. COMPANY'S PHILOSOPHY:

- ❖ Faith in bright future of Indian textiles and hence continued expansion in areas "which we know best".
- ❖ Total customer focus in all operational areas.
- ❖ Products to be of best available quality for premium market segments through TQM and zero defect implementation.
- ❖ Global orientation targeting – at least 20% production for exports.
- ❖ Integrated diversification/ product range expansion.
- ❖ World class manufacturing facilities with most modern R & D and process technology.
- ❖ Faith in individual potential and respect for human values.
- ❖ Encouraging innovation for constant improvements to achieve excellence in all functional areas.
- ❖ Accepting change as a way of life.
- ❖ Appreciating our role as a responsible corporate citizen.

### 2. BOARD OF DIRECTORS:

#### i) Board Meetings:

During the financial year 2012-2013, the Board met 4 times on the following dates:

- 9<sup>th</sup> May, 2012                      - 6<sup>th</sup> November, 2012
- 25<sup>th</sup> July, 2012                    - 7<sup>th</sup> February, 2013

#### ii) Composition as on March 31<sup>st</sup>, 2013:

The Board of Directors comprises of a Chairman & Managing Director, three Executive Directors and seven Non-Executive Directors including one Nominee Director. Out of the total strength of 11 directors, 6 directors are independent, thus it meets the stipulated requirement.

The composition of the Board of Directors and their attendance at the Board Meetings during the year and at last Annual General Meeting of the Company and also the number of Directorship/Chairmanship in other Indian Public Limited Companies are as follows:

Name of Director	Designation & Category	No. of Board meetings attended	Attendance at last AGM	Total No. of Directorships in other Companies	No. of Committee Memberships in other Companies	Total No. of Board Chairmanship in other Companies	Total No. of Committee Chairmanship in other Companies
Mr. S.P. Oswal	Chairman and Managing Director	3	Yes	11	-	5	-
Mr. A.K. Purwar	Non-Executive Independent Director	3	No	9	6	1	2
Mr. Neeraj Jain	Executive Director	3	No	3	-	-	-
Mr. Prafull Anubhai	Non-Executive Independent Director	4	No	4	7	1	2
Dr. S.K. Bijlani	Non-Executive Independent Director	1	No	2	-	-	-
Mr. Sachit Jain	Executive Director	4	No	13	3	1	3
Mr. D.L. Sharma	Non-Executive Director	4	Yes	5	5	1	-
Mr. A.K. Kundra	Non-Executive Independent Director	3	No	2	1	1	1
Mrs. Suchita Jain	Executive Director	3	No	7	1	-	-
Mr. Shravan Talwar	Non-Executive Independent Director	2	No	-	-	-	-
Mr. S. Padmanabhan	Non-Executive Independent Director	3	No	-	-	-	-

Mr. S.P. Oswal, Mr. Sachit Jain and Mrs. Suchita Jain are related among themselves. None of the other Director is related to any other Director of the Company.

### 3. AUDIT COMMITTEE:

As at 31<sup>st</sup> March, 2013, the Audit Committee comprised of 5 Directors i.e. Mr. Prafull Anubhai, Mr. A.K Kundra, Mr. D.L. Sharma, Dr. S.K. Bijlani and Mr. Shravan Talwar. Mr. Prafull Anubhai is the Chairman of the committee. Ms. Karan Kamal Walia is the Secretary of the Committee. The terms of reference of the Audit Committee are, as contained in section 292A of the Companies Act, 1956, and also as contained in Corporate Governance Clause of the Listing Agreement.

The Audit Committee met four times during the financial year 2012-2013 on the following dates:

- 9<sup>th</sup> May, 2012
- 25<sup>th</sup> July, 2012
- 6<sup>th</sup> November, 2012
- 7<sup>th</sup> February, 2013

The attendance of members of the Audit Committee during the financial year 2012-2013 is given below: -

Committee Members	Category	No. of Audit Committee Meetings Attended
Mr. Prafull Anubhai	Non-Executive Director	4
Dr. S.K. Bijlani	Non-Executive Director	1
Mr. A.K Kundra	Non-Executive Director	3
Mr. D.L Sharma	Non-Executive Director	4
Mr. Shravan Talwar	Non-Executive Director	2

### 4. DIRECTORS' REMUNERATION:

#### i) Chairman and Managing Director/Executive Directors:

The Company pays remuneration to Chairman and Managing Director and to the Executive Directors as approved by the Board of Directors and the Members of the Company in the General Meeting.

A detail of remuneration paid to the Directors during the year 2012-2013 is as given below:

(₹ in lac)

Name	Designation	Salary	Perquisites & allowances	P.F. Contribution	Commission	Gross remuneration
Mr. S.P. Oswal	Chairman & Managing Director	42.15	20.89	5.06	934.54	1,002.64
Mr. Sachit Jain	Executive Director	24.00	10.95	2.88	18.00	55.83
Mrs. Suchita Jain	Executive Director	16.80	11.72	2.02	12.60	43.14
Mr. Neeraj Jain	Executive Director	14.16	12.31	1.70	10.62	38.79

#### ii) Non-Executive Directors:

Non-Executive Directors have not been paid any remuneration except sitting fees for attending Board and Committee Meetings.

The detail of sitting fees paid to the Non-Executive Directors during the Financial Year 2012-13 is given hereunder: -

S.No.	Name of Director	Sitting Fee (₹)
1.	Mr. Prafull Anubhai	1,10,000
2.	Mr. A.K. Kundra	95,000
3.	Dr. S.K. Bijlani	25,000
4.	Mr. S.Padmanabhan (IDBI Nominee)	45,000
5.	Mr. A.K. Purwar	45,000
6.	Mr. Shravan Talwar	50,000

### 5. SHAREHOLDING OF DIRECTORS AS ON 31<sup>ST</sup> MARCH, 2013

The shareholding of the Directors in the Equity Share Capital of the Company is given as follows: -

<u>Name of Directors</u>	<u>Number of Shares held</u>
Mr. S.P. Oswal	643,156
Mrs. Suchita Jain	261,334
Mr. Sachit Jain	40,005
Mr. D.L. Sharma	3,319

\* No other director holds any share in the Equity Share Capital of the Company.



**6. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:**

The Investors' Grievance Committee constituted by the Company looks into the redressal of investors' complaints on various issues.

As at 31<sup>st</sup> March, 2013 the Investors' Grievance Committee comprised of Mr. A.K. Kundra, Mr. D.L. Sharma and Mr. Sachit Jain. The Shareholders'/ Investors' Grievance Committee met once during the year on 25<sup>th</sup> March, 2013.

During the financial year 2012-2013, the Company has received 122 complaints related to non-receipt of dividend, bonus shares and annual report, etc. All the complaints have been duly resolved by the Company and there is no pendency in respect of shares received for transfer during 2012-2013 except those that are disputed/ sub-judice.

**7. REMUNERATION COMMITTEE:**

The Board of Directors in its meeting held on 2<sup>nd</sup> February, 2011 constituted the Remuneration Committee of the Company for deciding the remuneration packages for its Managing Director and Whole- time Directors including Executive Directors.

As at 31<sup>st</sup> March, 2013, the Remuneration Committee comprised of 3 Directors i.e. Mr. Prafull Anubhai, Mr. A.K. Kundra and Mr. Shravan Talwar. Mr. Prafull Anubhai is the Chairman of the Committee. Ms. Karan Kamal Walia is the Secretary of the Committee. The Remuneration Committee met once during the year on 7<sup>th</sup> February, 2013 to decide the remuneration package payable to Mr. Neeraj Jain upon his re-appointment as Executive Director of the Company w.e.f. from 1<sup>st</sup> April, 2013.

**8. GENERAL BODY MEETINGS:**

The details of General Body Meetings held during the last three financial years are given as follows:

Meeting	Day, Date and Time of the Meeting	Venue	No. of Special Resolutions
39 <sup>th</sup> Annual General Meeting for the Financial year ended 31 <sup>st</sup> March, 2012.	Saturday, 1 <sup>st</sup> September, 2012 at 05.00 p.m.	Regd. Office, Chandigarh Road, Ludhiana- 141010	Nil
38 <sup>th</sup> Annual General Meeting for the Financial year ended 31 <sup>st</sup> March, 2011.	Saturday, 23 <sup>rd</sup> July, 2011 at 10.00 a.m.	Regd. Office, Chandigarh Road, Ludhiana- 141010	Nil
37 <sup>th</sup> Annual General Meeting for the Financial year ended 31 <sup>st</sup> March, 2010.	Saturday, 17 <sup>th</sup> July, 2010 at 10.00 a.m.	Regd. Office, Chandigarh Road, Ludhiana- 141010	1

The Company has not passed any resolution through postal ballot, during the financial year 2012-2013. No resolution is proposed to be passed by postal ballot in forthcoming Annual General Meeting.

**9. DISCLOSURES:**

There was no material/significant transaction with the directors or the management and their relatives etc. that have any potential conflict with interest of the Company at large. Also there has not been any non-compliance by the Company in respect of which penalties or strictures were imposed by the Stock Exchanges or Securities Exchange Board of India (SEBI) or any other Statutory Authority during the last three years.

Further, the Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement. The Company may also take up the non-mandatory requirements of Clause 49 in due course of time.

**10. MEANS OF COMMUNICATION:**

The Company communicates with the shareholders at large through its Annual Reports, publication of financial results, press releases in leading newspapers and by filing of various reports and returns with the Statutory Bodies like Stock Exchanges and the Registrar of Companies. The Quarterly Financial Results are published in prominent daily newspapers viz., "Business Standard" and "Desh Sewak". The Financial Results of the Company are also made available at the Company's web-site [www.vardhman.com](http://www.vardhman.com)

**GENERAL INFORMATION FOR SHAREHOLDERS**

**i) 40<sup>th</sup> Annual General Meeting**

- Date : 31<sup>st</sup> August, 2013
- Time : 12.00 Noon
- Venue : Regd. Office, Chandigarh Road, Ludhiana-141 010.

## ii) Financial Calendar 2013-2014 (Tentative)

First Quarter Results	: August, 2013
Second Quarter Results	: November, 2013
Third Quarter Results	: February, 2014
Annual Results	: May, 2014

## iii) Dates of Book Closure

: 19<sup>th</sup> August, 2013 to 31<sup>st</sup> August, 2013 (both days inclusive)

## iv) Dividend payment date

: Within 30 days after declaration.

## v) Listing

: The securities of the Company are listed on the following Stock Exchanges: -

1. The Bombay Stock Exchange Limited, Mumbai (BSE), 1st Floor, New Trading Ring, Rotunda Building, P.J. Towers, Dalal Street, Fort, Mumbai-400 001.
2. The National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai.

- The Company has duly paid the listing fee to both the aforesaid Stock Exchanges for the financial year 2013-14.

## vi) Stock Code :

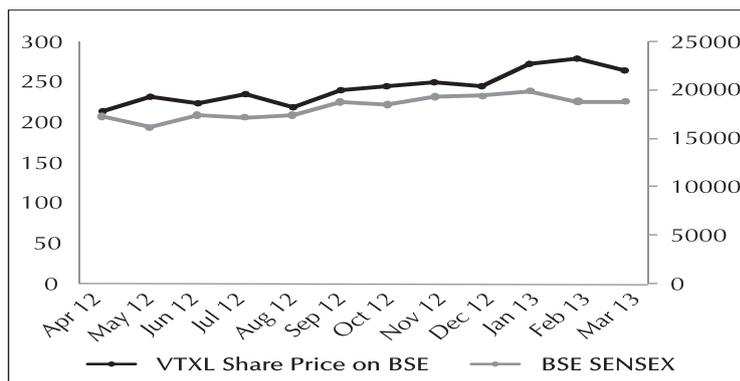
- The Bombay Stock Exchange Limited, Mumbai : 502986
- The National Stock Exchange of India Limited : VTL

## vii) Stock Market Data :

(a) The month-wise highest, lowest and closing stock prices at NSE and BSE during the financial year 2012-13 is given below: -

Financial Year 2012-13	Share Prices of Vardhman Textiles Limited on NSE				Share Prices of Vardhman Textiles Limited on BSE			
	Highest (₹)	Lowest (₹)	Closing (₹)	%age change over last month's closing	Highest (₹)	Lowest (₹)	Closing (₹)	%age change over last month's closing
April	218.00	196.50	215.25	7.01	220.00	197.00	214.00	7.13
May	236.00	203.00	233.45	8.46	235.00	202.55	231.35	8.11
June	238.00	207.00	225.05	-3.60	238.00	208.00	224.05	-3.16
July	265.85	215.50	237.30	5.44	265.00	218.80	235.30	5.02
August	262.00	214.00	217.20	-8.47	265.00	215.25	219.55	-6.69
September	249.20	207.00	239.95	10.47	248.90	207.00	240.00	9.31
October	249.00	209.40	245.60	2.35	248.10	218.00	244.35	1.81
November	261.40	226.15	250.95	2.18	261.70	229.20	249.75	2.21
December	252.95	238.00	246.00	-1.97	253.15	235.00	245.55	-1.68
January	289.00	246.10	271.15	10.22	281.00	245.50	272.30	10.89
February	291.10	261.00	278.55	2.73	291.00	261.00	279.35	2.59
March	286.00	252.10	262.70	-5.70	284.00	254.00	265.00	-5.14

(b) Share Price Movement - Vardhman Textiles Limited Price (VTXL) on BSE Vs BSE Sensex during the year 2012-13.



**viii) Information regarding Dividend Payment:**

- a) Dividends remaining unpaid/unclaimed upto the financial year 2004-2005 has been transferred to the Investors' Education and Protection Fund (IEPF). Further, pursuant to the provisions of Section 205A read with Section 205C of the Companies Act, 1956, dividend declared in the financial year 2005-2006 and onwards, which remains unpaid/unclaimed for a period of 7 years, is required to be transferred to the IEPF. It may be noted that no claim will lie against the Company or the "Fund" in respect of the said unclaimed dividend amount so transferred to the "Fund". The last dates of transferring the unclaimed dividend for the years 2005-2006 & 2006-2007 are 25<sup>th</sup> September, 2013 and 17<sup>th</sup> September, 2014 respectively. Accordingly, Members who have not claimed their dividend for the financial year 2005-2006 and onwards are requested to make their claim to the Company immediately.
- b) The Company provides the facility of paying dividend through Electronic Clearing Service (ECS). Members who wish to avail this facility should give necessary directions to Depository Participants (in case shares are held in Demat form) or to the Registrar & Transfer Agent of the Company (in case shares are held in physical form).

**ix) Registrar & Transfer Agent:**

The work related to Share Transfer Registry in terms of both physical and electronic mode is being dealt with by M/s. Alankit Assignments Limited at the address given below: -

M/s. Alankit Assignments Limited, (Unit: Vardhman Textiles Limited)  
2E/21, Alankit House, Jhandewalan Extension, New Delhi - 110 055.  
Phone: (011) 41540060-63, Fax: (011) 41540064, E-mail: rta@alankit.com

**x) Share Transfer System:**

The Company has constituted a Share Transfer Committee of its directors. The Committee meets on an average once in 10 days. The list of valid transfers prepared by the Transfer Agent in respect of transfer cases received by them and objections, if any, are placed before the Committee for its approval/confirmation. The Share Certificates are returned back to the shareholders by Transfer Agent within 15 days from the date of receipt by them.

The shares of the Company are traded on the Stock Exchanges compulsorily in demat form. The Company has participated as an issuer both with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The shareholders may operate through any of the depositories, based on tariffs, quality and range of services being offered by them. The International Securities Identification Number (ISIN) of the Company is **INE 825 A01012**.

**xi) Distribution of Shareholding as on 31<sup>st</sup> March, 2013:**

RANGE No. of Shares	SHAREHOLDERS		SHARES	
	Numbers of Total Holders	% to Total Holders	Number of Shares Held	% to Total Shares
Upto-500	18,339	88.54	2,103,647	3.31
501-1000	1,260	6.08	902,634	1.42
1001-2000	520	2.51	745,511	1.17
2001-3000	166	0.80	417,289	0.66
3001-4000	71	0.34	249,693	0.39
4001-5000	59	0.29	272,313	0.43
5001-10000	116	0.56	864,777	1.36
10001- above	181	0.87	58,096,015	91.27
<b>Total</b>	<b>20,712</b>	<b>100</b>	<b>63,651,879</b>	<b>100</b>

## xii) Dematerialisation of shares:

As on 31<sup>st</sup> March, 2013, 97.91 % of the capital comprising 62,320,526 shares, out of total of 63,651,879 shares, were dematerialized.

## xiii) Plant Locations:

- Arihant Spinning Mills,  
Industrial Area,  
Malerkotla-148 023
- Anant Spinning Mills,  
New Industrial Area,  
Mandideep-462 046
- Arisht Spinning Mills ,  
Vill. Baddi, Teh. Nalagarh,  
Distt. Solan (H.P.)- 173 205.
- Auro Spinning Mills,  
Vill. Baddi, Teh. Nalagarh,  
Distt. Solan (H.P.)- 173 205.
- Auro Dyeing,  
Vill. Baddi, Teh. Nalagarh,  
Distt. Solan (H.P.)- 173 205.
- Auro Weaving Mills,  
Vill. Baddi, Teh. Nalagarh,  
Distt. Solan (H.P.) - 173 205.
- Auro Textiles,  
Vill. Baddi, Teh. Nalagarh,  
Distt. Solan (H.P.)- 173 205
- Mahavir Spinning Mills,  
(Gassed Mercerised Yarn Unit)  
Phagwara Road,  
Hoshiarpur-146 001
- Mahavir Spinning Mills,  
(Textile Division) Vill. Baddi, Teh. Nalagarh,  
Distt. Solan (H.P.)- 173 205
- Vardhman Spinning Mills,  
Vill. Baddi, Teh. Nalagarh,  
Distt. Solan (H.P.)- 173 205
- Vardhman Spinning and General Mills  
(Unit-I&II),  
Chandigarh Road,  
Ludhiana-141 010.
- Vardhman Fabrics,  
Budhni, Distt. Sehore (M.P.)
- Vardhman Yarns,  
Satlapur, Distt. Raisen (M.P.)
- Vardhman Fabrics (Power Division),  
Budhni, Distt. Sehore (M.P.)
- Vardhman Yarns (Power Division),  
Satlapur, Distt. Raisen (M.P.)

## xiv) Address for correspondence:

Registered office : Chandigarh Road, Ludhiana-141010  
 Tel : 0161-2228943-48  
 Fax : 0161-2601048, 2602710, 2222616  
 E-mail : [secretarial.lud@vardhman.com](mailto:secretarial.lud@vardhman.com)  
 (Exclusively for redressal of investors' grievances)



## Chairman & Managing Director's declaration

I, S.P. Oswal, Chairman & Managing Director of Vardhman Textiles Limited declare that all Board Members and Senior Management personnel have affirmed compliance with 'Code of Conduct for Board & Senior Management Personnel' for the year ended 31<sup>st</sup> March, 2013.

**PLACE : GURGAON**  
**DATED : 28<sup>th</sup> May, 2013**

**(S.P. Oswal)**  
**Chairman & Managing Director**

## Auditors' Certificate on Compliance of Corporate Governance Under Corporate Governance Clause of the Listing Agreement(s)

**To**  
**The Members of**  
**Vardhman Textiles Limited**

We have examined the compliance of the conditions of Corporate Governance by Vardhman Textiles Limited for the year ended on 31<sup>st</sup> March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to review of the procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representation made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**FOR S.C. VASUDEVA & CO.**  
**CHARTERED ACCOUNTANTS**  
**Firm Registration No.: 000235N**

**PLACE : NEW DELHI**  
**DATED: 28<sup>th</sup> May, 2013**

**(SANJIV MOHAN)**  
**PARTNER**  
**Membership No. 86066**

## INDEPENDENT AUDITORS' REPORT

To  
The Members of  
Vardhman Textiles Limited

### Report on the Financial Statements

1. We have audited the accompanying financial statements of Vardhman Textiles Limited, which comprise the Balance sheet as at 31<sup>st</sup> March, 2013, and the Statement of Profit and Loss and Cash flow statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by The Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

4. In our opinion and to the best of our information and according to the explanations given to us, the financial statements read together with significant accounting policies and notes thereon give the information required by the Companies Act, 1956 in the manner so required

and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013;
- b. In the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
- c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

5. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
6. As required by section 227(3) of the Companies Act, 1956, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance sheet, Statement of Profit and Loss, and Cash flow statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the Balance sheet, Statement of Profit and Loss and Cash flow statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e. On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For S.C. VASUDEVA & CO.**  
**CHARTERED ACCOUNTANTS**  
**Firm Regn No.: 000235N**

(SANJIV MOHAN)  
PARTNER  
M. NO. 86066

PLACE : NEW DELHI  
DATED: 28<sup>th</sup> May, 2013

**ANNEXURE TO THE INDEPENDENT  
AUDITORS' REPORT**

(Referred to in paragraph 5)

- i. a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b) According to the information and explanations given to us, the Company has adopted a policy of physically verifying the fixed assets once in every three years. Pursuant to the said policy, the Company has physically verified the entire block of office equipment and furniture and fixtures during the year. Discrepancies, which were not material, noticed on such physical verification have been properly dealt with in the books of account. Further, in our opinion, the frequency of physical verification of fixed assets is reasonable having regard to the size of the Company and nature of its business.
- c) In our opinion and according to the information and explanations given to us, the Company has not disposed off substantial part of its fixed assets during the year.
- ii. a) According to the information and explanations given to us, inventories have been physically verified by the management during the year. In our opinion the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management as evidenced by the written procedures and instructions are reasonable and adequate in relation to the size of the Company and nature of its business.
- c) On the basis of our examination of the records of inventories, we are of the opinion that the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of Inventories as compared to book records were not material and have been dealt properly within the books of account.
- iii. a) The Company has not granted secured or unsecured loans to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore the provisions of paragraph 4 (iii) (b) (c) and (d) of the above said order are not applicable to the Company.
- b) The Company has during the year taken unsecured loans from twelve companies covered in the register maintained under section 301 of the Companies Act, 1956. The amount involved in the transaction is ₹ 3,358.80 lac. The amount payable as at the close of the year is ₹ 147.80 lac.
- c) According to the information and explanations given to us, the rate of interest and other terms and conditions in respect of unsecured loans taken by the Company, are not prima-facie prejudicial to the interest of the Company.
- d) In our opinion and according to the information and explanations given to us, the payment of principal amount and interest in respect of the aforesaid loans was regular.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.
- v. a) In our opinion and according to information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register maintained under that section.
- b) In our opinion and according to information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding Rupees five lac or more in respect of the party during the year, have been made at price which are reasonable having regard to the prevalent market prices at the relevant time.
- vi. According to the information and explanations given to us, the Company has complied with the provisions of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules 1975 with regard to deposits accepted from the public. According to the information given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vii. In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with its size and nature of its business.
- viii. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. a) According to the records of the Company, undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service

tax, custom duty, excise duty, cess and other material statutory dues applicable to the Company, if any, have been regularly deposited with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2013, for a period of more than six months from the date they became payable.

- b) According to the records of the Company, the details of disputed statutory dues aggregating to ₹ 451.29 Lac that have not been deposited on account of matters pending before the appellate authorities in respect of sales tax, custom duty, service tax, excise duty and income tax are given below:

Nature of Dues/ Name of Statute	Disputed Amount (₹ in Lac)	Period to which amount relates	Forum where Dispute is pending
<b>Sales Tax/Central Sales Tax/Entry Tax</b>			
M. P. VAT Act, 2002	38.58	2007	Deputy Commissioner (Appeal), Commercial Tax, Bhopal
The Maharashtra Sales Tax Act, 1956	1.80	2006	Deputy Commissioner of Sales Tax, Mumbai
M. P. VAT Act, 2002	0.04	2010	Add. Commissioner Commercial Tax, Bhopal
The Punjab VAT Act, 2005	0.83	2003	Joint Director (Enforcement), Patiala
M.P. Commercial Tax Act, 1994	0.52	2002	Deputy Commissioner Commercial Tax, Bhopal
Central Sales Tax Act, 1956	27.44	2010	Add. Commissioner Commercial Tax, Bhopal
The Entry Tax Act, 1976	13.04	2004 & 2011	Add. Commissioner Commercial Tax, Bhopal
The Entry Tax Act, 1976	5.03	2001	Asstt. Commissioner Commercial Tax, Bhopal
<b>Excise/Custom Duty</b>			
Central Excise Act, 1944	205.96	2006 to 2011	Custom, Excise & Service Tax Appellate Tribunal, New Delhi
Customs Act, 1962	7.15	2007	Custom, Excise & Service Tax Appellate Tribunal, New Delhi
Central Excise Act, 1944	1.02	2010	Commissioner (Appeals), Bhopal
Central Excise Act, 1944	108.36	2004	Hon'ble Supreme Court, New Delhi
Central Excise Act, 1944	0.17	2006	Asstt. Commissioner Central Excise, Ludhiana
<b>Service tax</b>			
Service Tax Act, 1994	2.10	2010 & 2011	Commissioner (Appeals) Central Excise, Chandigarh
Service Tax Act, 1994	1.26	2008 & 2010	Custom, Excise & Service Tax Appellate Tribunal, New Delhi
<b>Income Tax</b>			
Income Tax Act, 1961	37.99	2002 & 2003	Income Tax Appellate Tribunal, Chandigarh

According to the information and explanations given to us there are no disputed dues in respect of wealth tax and cess.

- x. The Company does not have accumulated losses as at 31<sup>st</sup> March, 2013. The latter part of the question relating to net worth is thus not applicable to the Company. Further, the Company has not incurred cash losses during

the financial year covered under audit and in the immediately preceding financial year.

- xi. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of the clause 4 (xii) of the above said order are not applicable to the Company.
- xiii. The Company is not a chit fund or a nidhi mutual benefit fund/society. Accordingly, the provisions of clause 4 (xiii) of the above said order are not applicable to the Company.
- xiv. According to the information and explanations given to us, the Company has not dealt or traded in share, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the above said order are not applicable to the Company.
- xv. The Company has not given guarantees for loans taken by others from banks. Therefore, provisions of clause 4(xv) of above said order are not applicable to the Company.
- xvi. In our opinion and according to the information and explanations given to us, the term loans taken during the year have been applied for the purpose for which they were obtained.
- xvii. According to information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short-term basis have not been used for long term investment.
- xviii. According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. According to the information and explanations given to us, the Company has not issued debentures during the year. Accordingly, the provisions of clause 4 (xix) of the above said order are not applicable to the Company.
- xx. The Company has not raised any money by way of public issue during the year. Accordingly, the provisions of clause 4 (xx) of the above said order are not applicable to the Company.
- xxi. According to the information and explanations given to us by the management and based upon the audit procedures performed we report that no fraud on or by the Company has been noticed or reported during the year.

**For S.C. VASUDEVA & CO.  
CHARTERED ACCOUNTANTS  
Firm Regn. No.: 000235N**

**(SANJIV MOHAN)  
PARTNER**

**PLACE : NEW DELHI  
DATED :28<sup>th</sup> May, 2013**

**MEMBERSHIP NO. 86066**



**BALANCE SHEET as at 31<sup>st</sup> March, 2013**

Particulars	Note No.	As at 31 <sup>st</sup> March, 2013 (₹ in lac)	As at 31 <sup>st</sup> March, 2012 (₹ in lac)
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share capital	3	6,365.19	6,365.19
(b) Reserves and surplus	4	221,291.77	193,236.58
		<u>227,656.96</u>	<u>199,601.77</u>
<b>(2) Non-current liabilities</b>			
(a) Long-term borrowings	5	198,496.05	192,702.73
(b) Deferred tax liabilities (net)	6	22,714.25	20,285.23
(c) Other long term liabilities	7	1,027.77	258.02
(d) Long-term provisions	8	416.52	380.96
		<u>222,654.59</u>	<u>213,626.94</u>
<b>(3) Current liabilities</b>			
(a) Short-term borrowings	9	75,764.64	51,153.57
(b) Trade payables	10	4,627.90	8,368.21
(c) Other current liabilities	11	56,748.43	41,547.30
(d) Short-term provisions	12	4,879.81	3,702.78
		<u>142,020.78</u>	<u>104,771.86</u>
<b>TOTAL</b>		<u><b>592,332.33</b></u>	<u><b>518,000.57</b></u>
<b>II ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets	13		
(i) Tangible assets		232,781.43	219,393.55
(ii) Intangible assets		770.51	121.58
(iii) Capital work-in-progress		21,289.51	18,191.22
		<u>254,841.45</u>	<u>237,706.35</u>
(b) Non-current investments	14	29,319.02	34,419.84
(c) Long-term loans and advances	15	14,259.40	9,069.03
(d) Other non-current assets	16	5,002.08	2.04
		<u>303,421.95</u>	<u>281,197.26</u>
<b>(2) Current assets</b>			
(a) Current investments	17	26,611.20	17,051.94
(b) Inventories	18	149,944.48	131,523.09
(c) Trade receivables	19	63,191.61	53,683.02
(d) Cash and bank balances	20	2,662.91	5,841.58
(e) Short-term loans and advances	21	44,713.66	26,917.17
(f) Other current assets	22	1,786.52	1,786.51
		<u>288,910.38</u>	<u>236,803.31</u>
<b>TOTAL</b>		<u><b>592,332.33</b></u>	<u><b>518,000.57</b></u>

See accompanying notes forming part of the financial statements

1 to 51

As per our report of even date  
For S.C. Vasudeva & Co.,  
Chartered Accountants  
Firm Regn. No.: 000235N

For and on behalf of the Board of Directors

SANJIV MOHAN  
Partner  
(M.No. 86066)

KARAN KAMAL WALIA  
Company Secretary

RAJEEV THAPAR  
CGM (Finance,  
Accounts & Taxation)

SACHIT JAIN  
Executive Director

S.P. OSWAL  
Chairman &  
Managing Director

PLACE : NEW DELHI  
DATED: 28th MAY, 2013

PLACE : GURGAON  
DATED: 28th MAY, 2013

**STATEMENT OF PROFIT AND LOSS for the year ended 31<sup>st</sup> March, 2013**

Particulars	Note No.	For the year ended 31 <sup>st</sup> March, 2013 (₹ in lac)	For the year ended 31 <sup>st</sup> March, 2012 (₹ in lac)
(i) Revenue from operations (gross)	23	416,076.91	391,945.67
Less : Excise duty		105.86	145.52
Revenue from operations (net)		415,971.05	391,800.15
(ii) Other income	24	5,489.82	6,057.07
(iii) <b>Total revenue (i) + (ii)</b>		<b>421,460.87</b>	<b>397,857.22</b>
(iv) <b>Expenses :</b>			
Cost of materials consumed	25	209,637.34	220,033.83
Purchases of stock-in-trade	26	2,689.72	3,101.70
Changes in inventories of finished goods, work-in-progress and stock-in-trade	27	(8,981.42)	12,690.49
Employee benefits expense	28	26,834.33	22,112.99
Finance costs	29	17,434.77	17,322.27
Depreciation and amortization expense	13	25,385.78	23,467.18
Other expenses	30	102,976.75	84,582.67
<b>Total expenses</b>		<b>375,977.27</b>	<b>383,311.13</b>
(v) <b>Profit before tax (iii) - (iv)</b>		<b>45,483.60</b>	14,546.09
(vi) Tax expense :			
- Current tax expense for current year	10,682.00		2,975.00
- Current tax expense relating to earlier years	-		(0.21)
- Deferred tax	2,429.03	13,111.03	604.70
(vii) <b>Profit for the year after tax (v) - (vi)</b>		<b>32,372.57</b>	<b>10,966.60</b>
<b>Earnings per equity share ( of ₹ 10/- each )</b>			
<b>Basic</b>		<b>50.86</b>	17.23
<b>Diluted</b>		<b>50.86</b>	17.23
See accompanying notes forming part of the financial statements	1 to 51		

As per our report of even date  
For S.C. Vasudeva & Co.,  
Chartered Accountants  
Firm Regn. No.: 000235N

SANJIV MOHAN  
Partner  
(M.No. 86066)

KARAN KAMAL WALIA  
Company Secretary

RAJEEV THAPAR  
CGM (Finance,  
Accounts & Taxation)

SACHIT JAIN  
Executive Director

S.P. OSWAL  
Chairman &  
Managing Director

PLACE : NEW DELHI  
Dated : 28th MAY, 2013

PLACE : GURGAON  
Dated : 28th MAY, 2013

For and on behalf of the Board of Directors



**CASH FLOW STATEMENT for the year ended 31<sup>st</sup> March, 2013**

Particulars	For the year ended 31 <sup>st</sup> March, 2013 (₹ in lac)	For the year ended 31 <sup>st</sup> March, 2012 (₹ in lac)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before extraordinary items and tax	45,483.60	14,546.09
Adjustments for :		
Depreciation and amortisation	25,385.78	23,467.18
Interest expense	19,343.55	18,226.55
Interest income	(2,797.99)	(1,957.20)
Dividend income	(1,315.54)	(1,487.43)
(Profit)/Loss on sale of Assets(Net)	(543.97)	(382.97)
(Profit)/Loss on sale of Investments (Net)	(744.18)	(535.67)
Provision no longer required written Back(Net)	(177.11)	(343.62)
Sundry balance written back	(66.91)	(361.00)
Excess income written off	40.11	117.31
Fixed assets written off	60.41	15.78
Bad debts written off	181.88	57.21
Provision for Doubtful Debts (Net)	(146.93)	132.35
Provision for fall in value of investments written back	(89.55)	(25.45)
	<b>39,129.55</b>	36,923.04
Changes in Working capital	<b>84,613.15</b>	51,469.13
Adjustments for :		
(Increase)/Decrease in Trade and other receivables	(32,370.73)	8,632.44
(Increase)/Decrease in Inventories	(18,421.39)	28,316.36
Increase/(Decrease) in Trade Payables and other liabilities	3,627.94	7,460.62
	<b>(47,164.18)</b>	44,409.42
Cash generated from Operations	<b>37,448.97</b>	95,878.55
Net income tax paid	(10,976.26)	(2,846.94)
Net cash flow from/ (used in) operating activities	<b>26,472.71</b>	93,031.61
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(47,625.95)	(39,095.98)
Proceeds from sale of Fixed Assets	1,107.73	972.58
Purchase of Investments	(20,513.00)	(24,606.78)
Proceeds from sale of Investments	16,888.29	8,960.90
Interest received		
-subsidiaries	37.61	23.72
-others	2,335.71	1,896.20
Dividend received		
-subsidiaries	744.56	850.82
-others	570.98	636.61
Net Cash used in investing activities	<b>(46,454.07)</b>	(50,361.93)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings (Net)	14,635.66	15,336.42
Proceeds/ (Repayment) from Short Term Borrowings (Net)		
-subsidiaries	(3,419.85)	(3,065.68)
-others	28,030.93	(32,249.08)
Capital Subsidy received	30.00	-
Dividend Paid (including taxes)	(3,223.29)	(3,188.63)
Interest Paid	(19,250.76)	(18,535.45)
Net Cash flow from/(used in) Financing Activities	<b>16,802.69</b>	(41,702.42)
Net Increase in cash and cash equivalents	<b>(3,178.67)</b>	967.26
Cash and cash equivalents at the beginning of the year	5,841.58	4,874.32
Cash and cash equivalents at the end of the year	2,662.91	5,841.58
Bank Balances not considered as cash and cash equivalents	5,002.08	2.04
See accompanying notes forming part of the financial statements		

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As per our report of even date  
For S.C. Vasudeva & Co.,  
Chartered Accountants  
Firm Regn. No.: 000235N

For and on behalf of the Board of Directors

SANJIV MOHAN  
Partner  
(M.No. 86066)

KARAN KAMAL WALIA  
Company Secretary

RAJEEV THAPAR  
CGM (Finance,  
Accounts & Taxation)

SACHIT JAIN  
Executive Director

S.P. OSWAL  
Chairman &  
Managing Director

PLACE : NEW DELHI  
DATED: 28th MAY, 2013

PLACE : GURGAON  
DATED: 28th MAY, 2013

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2013

### 1. CORPORATE INFORMATION

Vardhman Textiles Limited (the Company) is a public company incorporated under the provisions of the Companies Act, 1956 on 8<sup>th</sup> October, 1973. The name of the company at its incorporation was Mahavir spinning mills Ltd. & subsequently changed to Vardhman Textiles Limited on 5<sup>th</sup> September, 2006. The company is engaged in manufacturing of Cotton Yarn, Synthetic Yarn & woven Fabric.

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

#### 2. SIGNIFICANT ACCOUNTING POLICIES :

##### a) Basis of preparation of financial statements:

The accounts are prepared on accrual basis under the historical cost convention in accordance with the applicable accounting standards referred to in section 211(3C) and other relevant provisions of the Companies Act, 1956.

##### b) Use of Estimates:

The preparation of financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amount of assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results materialise.

##### c) Revenue Recognition:

###### i) Sales:

Revenue from sale of goods is recognized:

- a) When all the significant risks and rewards of ownership are transferred to the buyer and the company retains no effective control of the goods transferred to a degree usually associated with ownership; and
- (b) No significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

###### ii) Export Incentives:

Revenue in respect of the export incentives is recognized on post export basis.

###### iii) Interest:

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

###### iv) Dividend:

Dividend income is recognized when the right to receive the payment is established.

###### v) Insurance and Other Claims:

Revenue in respect of claims is recognized when no significant uncertainty exists with regard to the amount to be realized and the ultimate collection thereof.

##### d) Employees Benefits:

###### (a) Short Term Employee Benefits:

Short Term Employee Benefits are recognized as an expense on an undiscounted basis in the statement of profit and loss of the year in which the related service is rendered.

###### (b) Post Employment Benefits:

###### i) Defined Contribution Plans:

###### (1.1) Provident Fund:

The Employer's contribution to Provident Fund and Employees Pension Scheme, a defined contribution plan is made in accordance with the Provident Fund Act, 1952 read with the Employees Pension Scheme, 1995.

###### (1.2) Superannuation :

The liability in respect of eligible employees covered under the scheme is provided through a policy taken from Life Insurance Corporation of India by an approved trust formed for the purpose. The premium in respect of such policy is recognized as an expense in the period in which it falls due.

**Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2013**

**ii) Defined Benefit Plans:**

**(1.1) Gratuity:**

The Employees Gratuity Fund Scheme, managed by Employee's Group Gratuity Trust is a defined benefit plan. The liability for gratuity is provided on actuarial basis. The Present Value of the company's obligation is determined on the basis of actuarial valuation at the year end and the fair value of plan assets is reduced from the gross obligations under the gratuity scheme to recognize the obligation on a net basis.

**(iii) Long Term Employee Benefits:**

The liability for leave encashment and other compensated absences is recognized on the basis of actuarial valuation made at the end of the year.

**(e) Fixed Assets:**

- i. Fixed Assets are stated at historical cost less accumulated depreciation.
- ii. Cost of fixed assets comprise its purchase price and any attributable expenditure (both direct and indirect) for bringing an asset to its working condition for its intended use.

**(f) Intangible Assets:**

Intangible assets are stated at cost less accumulated amount of amortization.

**(g) Depreciation:**

- i) Depreciation on all assets except computers is provided on straight line method in accordance with and in the manner specified in Schedule XIV to the Companies Act, 1956. In case of computers, depreciation is provided on systematic basis to each accounting period during the estimated useful life thereof.
- ii) Depreciation on assets costing ₹ 5000/- or below is charged @ 100% per annum on proportionate basis.

**(h) Amortization:**

- i) Intangible assets are amortized on straight line method over their estimated useful life.
- ii) Right to use Power Lines is amortised on straight line method over their estimated useful life.

**(i) Investments:**

Long term Investments are carried at cost less provision for diminution, other than temporary, in the value of investment. Current investments are carried at lower of cost and fair value.

**(j) Inventories:**

Inventories are valued at cost or net realizable value, whichever is lower. The cost in respect of the various items of inventory is computed as under:

- In case of raw materials at weighted average cost plus direct expenses.
- In case of stores and spares at weighted average cost plus direct expenses.
- In case of work in progress at raw material cost plus conversion costs depending upon the stage of completion.
- In case of finished goods at raw material cost plus conversion costs, packing cost, excise duty (if applicable) and other overheads incurred to bring the goods to their present location and condition.

**(k) Cenvat Credit:**

Cenvat credit of excise duty paid on inputs, capital assets and input services is recognised in accordance with the Cenvat Credit Rules, 2004.

**(l) Subsidy:**

Government grants are recognised when there is a reasonable assurance of compliance with the conditions attached to such grants and where benefits in respect thereof have been earned and it is reasonably certain that the ultimate collection will be made. Government subsidy in the nature of promoter's contribution is credited to capital reserve. Government subsidy received for a specific asset is reduced from the cost of the said asset.

**(m) Borrowing Costs:**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

**(n) Segment Information:**

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the enterprise as a whole.

**(o) Operating Leases:**

Assets acquired on leases wherein a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals paid for such leases are recognised as an expense on systematic basis over the term of lease.

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**Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2013**
**(p) Foreign Currency Transaction:**

- (i) Foreign currency transactions are recorded on initial recognition in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency as at the date of the transaction.
- (ii) Foreign currency monetary items are reported using the closing rate. Exchange differences arising on the settlement of monetary items or on reporting the same at the closing rate as at the balance sheet date are recognized as income or expense in the period in which they arise.
- (iii) The premium or discount arising at the inception of forward exchange contract is amortized as an expense or income over the life of the contract. Exchange difference on such a contract is recognised in the statement of profit and loss in the reporting period in which the exchange rates change. Profit or loss arising on cancellation or renewal of such contract is recognized as income or expense in the period in which such profit or loss arises.
- (iv) The exchange difference to the extent of loss, arising on forward contracts and put and call derivative options to hedge the transactions in the nature of firm commitments and/or highly probable forecast transactions is recognised in the statement of Profit and Loss. The profit, if any arising thereon is ignored.
- (v) In respect of foreign branch, which is in the nature of integral foreign operations, all transactions (except fixed assets, monetary assets, monetary liabilities and depreciation on fixed assets) are translated at average monthly rates which approximates to the actual rates at the date of transaction. Branch monetary assets & liabilities are re-instated at the year-end rates. Fixed assets are translated as at the date of transaction. Depreciation is translated at the rates applied for translation of fixed assets.

**(q) Accounting for Taxes on Income:**

The accounting treatment followed for taxes on income is to provide for Current Tax and Deferred Tax. Current Tax is the aggregate amount of income-tax determined to be payable in respect of taxable income for a period. Deferred tax is the tax effect of timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

**(r) Earning per Share:**

Basic earning per share is computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earning per share is computed by taking into account the aggregate of the weighted average number of equity shares outstanding during the period and the weighted average number of equity shares which would be issued on conversion of all the dilutive potential equity shares into equity shares.

**(s) Impairment of Assets:**

At each balance sheet date an assessment is made whether any indication exists that an asset has been impaired. If any such indication exists, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in the books of account.

**(t) Cash flow statement:**

The cash flow statement has been in accordance with the Accounting Standard (AS) – 3 on “Cash flow statements” issued by the Companies (Accounting Standard) Rules, 2006.

**(u) Provision and Contingent Liabilities:**

- i) Provision is recognized (for liabilities that can be measured by using a substantial degree of estimation) when:
  - a) the company has a present obligation as a result of a past event;
  - b) a probable outflow of resources embodying economic benefits is expected to settle the obligation; and
  - c) the amount of the obligation can be reliably estimated
- ii) Contingent liability is disclosed in case there is :
  - a) (i) possible obligation that arises from past events and existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise; or
  - (ii) a reliable estimate of the amount of the obligation cannot be made.
  - b) a present obligation arising from past events but is not recognised
    - (i) when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
    - (ii) a reliable estimate of the amount of the obligation cannot be made.

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2013

**3. Share capital**

Particulars	As at 31 <sup>st</sup> March, 2013		As at 31 <sup>st</sup> March, 2012	
	Number (in lac)	(₹ in lac)	Number (in lac)	(₹ in lac)
<b>Authorised</b>				
Equity shares of ₹10/- each (par value)	900.00	9,000.00	900.00	9,000.00
Redeemable cumulative preference shares of ₹10/- each (par value)	100.00	1,000.00	100.00	1,000.00
<b>Total</b>	<b>1,000.00</b>	<b>10,000.00</b>	<b>1,000.00</b>	<b>10,000.00</b>
<b>Issued, subscribed and fully paid-up</b>				
Equity shares of ₹10/- each	636.52	6,365.19	636.52	6,365.19
<b>Total</b>	<b>636.52</b>	<b>6,365.19</b>	<b>636.52</b>	<b>6,365.19</b>

**a. Reconciliation of the Number of shares and amount outstanding at the beginning and at the end of the reporting period**

Equity shares	As at 31 <sup>st</sup> March, 2013		As at 31 <sup>st</sup> March, 2012	
	Number (in lac)	(₹ in lac)	Number (in lac)	(₹ in lac)
At the beginning of the reporting period	636.52	6,365.19	636.52	6,365.19
Add: Issued during the reporting period	-	-	-	-
Outstanding at the end of the reporting period	<b>636.52</b>	<b>6,365.19</b>	<b>636.52</b>	<b>6,365.19</b>

**b. Rights, preferences and restrictions attached to equity shares**

The company has one class of equity shares having a par value of ₹10/- each. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

During the year ended March 31, 2013 the amount of per share dividend recognised as distributions to equity shareholders was ₹ 6 per share (Previous Year: ₹ 4.50). The rate of dividend for redeemable cumulative preference shares is decided by the board of directors as and when issued.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders

**c. Shares held by holding company or its ultimate holding company or subsidiaries or associates of the holding company or the ultimate holding company in aggregate.**

There is no holding or ultimate holding company of the company.

**d. Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of five years immediately preceding the reporting date.**

Particulars	Aggregate number of shares as at 31 <sup>st</sup> March, 2013 (in lac)	Aggregate number of shares as at 31 <sup>st</sup> March, 2012 (in lac)
Equity Shares allotted as fully paid up by way of bonus shares	-	-
Equity Shares allotted as fully paid up pursuant to contract (s) without payment being received in cash	-	-
Equity Shares bought back by the Company	-	-

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2013

## e. Detail of shareholders holding more than 5% shares in the Company

Class of shares and Name of shareholder	As at 31 <sup>st</sup> March, 2013		As at 31 <sup>st</sup> March, 2012	
	Number (in lac)	% shareholding	Number (in lac)	% shareholding
<b>Equity shares of ₹10/- each fully paid</b>				
Devakar Investment and Trading Company Private Limited	55.41	8.70	55.41	8.70
Adinath Investment and Trading Company	128.42	20.81	126.13	19.80
Vardhman Holdings Limited	154.03	24.20	154.03	24.20

## f. Terms of securities convertible into equity/preference shares : N.A.

## 4. Reserves and surplus

Particulars	As at 31 <sup>st</sup> March, 2013 (₹ in lac)		As at 31 <sup>st</sup> March, 2012 (₹ in lac)	
<b>Capital Reserve*</b>				
Balance as per the last financial statements	379.33		379.33	
Add: Amount received during the year	30.00	409.33	-	379.33
<b>Closing Balance</b>				
<b>Securities Premium account</b>				
Balance as per the last financial statements		20,990.54		20,990.54
<b>General Reserve</b>				
Balance as per the last financial statements	141,202.34		139,702.34	
Add: Transferred from surplus in the statement of profit and loss	3,500.00		1,500.00	
<b>Closing Balance</b>		144,702.34		141,202.34
<b>Surplus i.e. balance in the Statement of Profit and Loss</b>				
Balance as per the last financial statements	30,664.37		24,388.75	
Add: Profit for the period transferred from statement of profit and loss	32,372.57		10,966.60	
Add: Corporate dividend tax written back	120.79		138.02	
Less: Appropriations				
Proposed equity dividend (amount per share ₹ 6) (previous year ₹ 4.50)	3,819.11		2,864.33	
Tax on dividend	649.06		464.67	
Transferred to general reserve	3,500.00		1,500.00	
<b>Closing Balance</b>		55,189.56		30,664.37
<b>Total</b>		221,291.77		193,236.58

\* The capital reserve includes ₹ 285 lac (Previous Year: ₹ 255 lac) being the amount of capital subsidy received on account of government grant from respective state governments treated as promoter contribution for setting up of new industrial projects.

## 5. Long-term borrowings

Particulars	As at 31 <sup>st</sup> March, 2013 (₹ in lac)		As at 31 <sup>st</sup> March, 2012 (₹ in lac)	
Term loans (Secured) :				
- From banks	226,703.45		212,065.89	
Less: Current maturities of long term debts (refer note-11)	28,207.40	198,496.05	19,363.16	192,702.73
<b>Total</b>		198,496.05		192,702.73

## a). Details of security for term loans

Term loans from banks are secured by mortgage created or to be created on all the immovable assets of the company, both present and future and hypothecation of all movable assets including movable machinery, machinery parts, tools and accessories and other movable both present and future (except book debts), subject to charges created or to be created in favour of the bankers for securing the working capital limits.



Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2013

b). Terms of repayment of term loans\*

As at 31 <sup>st</sup> March, 2013 (₹ in lac)	As at 31 <sup>st</sup> March, 2012 (₹ in lac)	Repayment Period (years)	Installments outstanding as on 31 <sup>st</sup> March, 2013	
			No.	Periodicity
-	1,438.52	8	-	Quarterly Repayment
205.39	900.80	8	1	Quarterly Repayment
16,429.83	18,622.39	8	9	Quarterly Repayment
3,307.39	4,018.66	8	11	Quarterly Repayment
11,100.00	12,600.00	8	12	Quarterly Repayment
59,490.06	65,902.26	8	13	Quarterly Repayment
13,002.06	14,428.26	8	14	Quarterly Repayment
15,025.00	16,700.00	8	15	Quarterly Repayment
3,108.00	3,440.00	8	16	Quarterly Repayment
16,300.00	17,700.00	8	17	Quarterly Repayment
47,150.70	15,350.00	5	20	Quarterly Repayment
2,725.00	3,025.00	8	25	Monthly Repayment
1,860.00	1,940.00	8	25	Quarterly Repayment
13,900.00	14,700.00	8	26	Quarterly Repayment
23,100.00	21,300.00	8	28	Quarterly Repayment
<b>226,703.45</b>	<b>212,065.89</b>			

\* Figures of term loan stated above in para (b) includes current maturities of long term debt shown separately in note 11

6. Deferred tax liabilities (net)

Particulars	As at 31 <sup>st</sup> March, 2013 (₹ in lac)	As at 31 <sup>st</sup> March, 2012 (₹ in lac)
<b>Deferred tax liabilities</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting period	23,401.26	21,109.58
Gross deferred tax liability	23,401.26	21,109.58
<b>Deferred tax assets</b>		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	687.01	824.35
Gross deferred tax asset	687.01	824.35
<b>Deferred tax liability (Net)</b>	<b>22,714.25</b>	<b>20,285.23</b>

7. Other long-term liabilities

Other liabilities		
- Retention money	59.47	11.39
- Security payable	0.52	7.79
- Employee deposits	48.20	61.70
- Others	919.58	177.14
<b>Total</b>	<b>1,027.77</b>	<b>258.02</b>

8. Long-term provisions

Provision for employee benefits :		
- Leave encashment	416.52	380.96
<b>Total</b>	<b>416.52</b>	<b>380.96</b>

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2013

**9. Short-term borrowings**

Particulars	As at 31 <sup>st</sup> March, 2013 (₹ in lac)	As at 31 <sup>st</sup> March, 2012 (₹ in lac)
<b>Working capital loans</b>		
- From banks (secured)	75,616.84	47,585.92
<b>Loans repayable on demand</b>		
- From related parties (unsecured)	147.80	3,567.65
<b>Total</b>	<b>75,764.64</b>	<b>51,153.57</b>

**Details of security for working capital borrowings**

Working capital borrowings from banks are secured by way of hypothecation of entire present and future tangible current assets of the company as well as a second charge on the entire present and future fixed assets of the company.

**Terms :-**

- i) From banks carries interest @ 9.70% to 12.50% p.a. (Previous year 12.25% to 13.25% p.a.)
- ii) From related parties carries interest @ 9.50% to 10% p.a. (Previous year 9.25% to 10% p.a.)

**10. Trade payables**

Trade payables		
- Dues to others ( refer note 40)	4,627.90	8,368.21
<b>Total</b>	<b>4,627.90</b>	<b>8,368.21</b>

**11. Other current liabilities**

Current maturities of long-term debt* (refer note 5b)	28,207.40	19,365.06
Interest accrued but not due on borrowings	409.89	317.11
Rent received in advance	8.00	10.00
Unpaid dividends #	109.86	124.93
Other payables		
- Statutory remittances**	2,151.11	1,454.47
- Retention money	843.77	570.07
- Security deposits	140.73	131.70
- Expense payable	11,379.30	8,530.43
- Payables on purchase of fixed assets	5,656.31	2,295.80
- Advances from customers	5,349.22	6,761.42
- Due to employees	2,492.84	1,986.31
<b>Total</b>	<b>56,748.43</b>	<b>41,547.30</b>

\* Current maturities of Long-term debt includes deposits from public amounting to ₹ Nil (Previous Year : ₹ 1.90 lac)

\*\* Statutory remittances include contribution to provident fund, ESIC, tax deducted at source, excise duty, vat, service tax etc.

# Unpaid dividends do not include any amount due and outstanding required to be credited to the Investors' Education and Protection Fund

**12. Short-term provisions**

Provision for employee benefits :		
Leave encashment	79.00	73.29
Gratuity	332.64	300.49
Others :		
Provision for proposed dividend on equity shares	3,819.11	2,864.33
Provision for tax on proposed dividend	649.06	464.67
<b>Total</b>	<b>4,879.81</b>	<b>3,702.78</b>

**Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2013**
**13. Fixed Assets**

Particulars	Original Cost			Depreciation and Amortization			Net Block		
	Balance as at 1 <sup>st</sup> April, 2012	Additions	Disposal	Other adjustments	Balance as at 31 <sup>st</sup> March, 2013	Eliminated on disposal of assets	Other adjustments	Balance as at 31 <sup>st</sup> March, 2013	Balance as at 31 <sup>st</sup> March, 2012
<b>Tangible Assets:</b>									
Freehold Land	5,571.40	-	-	(21.11)	5,592.51	-	-	5,592.51	5,571.40
Leasehold Land	829.30	-	-	-	829.30	8.16**	(0.02)	772.72	780.90
Buildings	65,121.91#	5,137.08	-	3.18	70,255.81	1,635.87	0.46	57,141.36	53,642.87
Plant and Equipment	319,422.66	33,372.22	2,362.33	1,276.81	349,155.74	23,330.06	908.00	166,908.47	157,438.07
Furniture and Fixtures	1,578.55	198.48	3.72	23.71	1,749.60	114.17	23.08	716.03	633.48
Vehicles	1,043.92	242.90	110.24	-	1,176.58	93.69	-	756.02	649.81
Office equipment	1,945.28	379.20	22.67	115.02	2,186.79	135.89	91.76	894.32	677.02
<b>Total (A)</b>	<b>395,513.02</b>	<b>39,329.88</b>	<b>2,498.96</b>	<b>1,397.61</b>	<b>430,946.33</b>	<b>25,317.84</b>	<b>1,023.28</b>	<b>232,781.43</b>	<b>219,393.55</b>
<b>Intangible Assets:</b>									
Computer Softwares	361.93	709.38	-	-	1,071.31	41.57	-	749.04	81.22
Right to use Power lines	1,081.59	7.49	-	-	1,089.08	26.37	-	1,067.60	40.36
<b>Total (B)</b>	<b>1,443.52</b>	<b>716.87</b>	<b>-</b>	<b>-</b>	<b>2,160.39</b>	<b>67.94</b>	<b>-</b>	<b>1,389.88</b>	<b>121.58</b>
<b>Grand Total (A+B)</b>	<b>396,956.54</b>	<b>40,046.76</b>	<b>2,498.96</b>	<b>1,397.61</b>	<b>433,106.72</b>	<b>25,385.78</b>	<b>1,023.28</b>	<b>233,551.94</b>	<b>219,515.13</b>
Previous Year	368,217.76	31,022.02	1,984.06	299.18	396,956.54	23,467.18	18.79	177,441.41	219,515.13

**Notes:**

# Includes ₹ 248.20 lac (Previous Year ₹ 248.20 lac) cost of Residential flats at Mandideep, the land cost of which has not been excluded from this cost. The depreciation for the year has been taken on the entire cost of ₹ 248.20 lac (Previous Year ₹ 248.20 lac).

\*\* Represents proportionate premium for acquisition of leasehold land being amortised over the period of lease.

- Freehold land includes ₹ 417.59 lac (Previous Year ₹ 417.59 lac) for the cost of land at Baddi, (Himachal Pradesh) for which title deeds are yet to be executed in favour of the Company, though the possession thereof has been taken by the company.
- Plant and Equipment amounting to ₹ 535.25 lac (Previous Year ₹ Nil) and Building amounting to ₹ 54.55 lac (Previous Year ₹ Nil) has been adjusted for the amounts allocated out of Project and Pre-operative incomes (refer note-50).
- Borrowing cost amounting to ₹ 680.59 lac (Previous Year ₹ Nil) has been capitalised during the year.
- Depreciation for the year includes net depreciation of (-) 217.55 lac (Previous Year ₹ (-) 99 lac) pertaining to earlier years.
- Intangible Assets are not internally generated.

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2013

**14. Non-current investments**  
(Long term investments)

Particulars	As at 31 <sup>st</sup> March, 2013 (₹ in lac)	As at 31 <sup>st</sup> March, 2012 (₹ in lac)
<b>I TRADE INVESTMENTS (at cost)</b>		
<b>Investment in equity instruments</b>		
<b>a. Investment in subsidiaries (quoted)</b>		
6,37,53,661 (Previous year: 6,37,53,661) Equity shares of ₹ 10/- each fully paid up of Vardhman Acrylics Limited	5,802.74	5,802.74
<b>b(i) Investment in associates (unquoted)</b>		
- 3,00,000 (Previous year: 3,00,000) Equity shares of ₹ 10/- each fully paid-up of Vardhman Textile Components Limited	30.00	30.00
- 25,000 (Previous year: 25,000) Equity shares of ₹ 10/- each fully paid-up of Vardhman Spinning and General Mills Limited	2.50	2.50
- Nil (Previous year: 58,25,000) Equity shares of ₹ 10/- each fully paid up of Vardhman Special Steels Limited	-	582.50
<b>b(ii) Investment in associates (quoted) (Previous year unquoted)</b>		
- 58,25,000 (Previous year: Nil) Equity shares of ₹ 10/- each fully paid up of Vardhman Special Steels Limited	582.50	-
<b>c. Investment in subsidiaries (unquoted)</b>		
- 1,51,80,060 (Previous year: 1,51,80,060) Equity shares of ₹ 10/- each fully paid up of VMT Spinning Company Limited	1,518.01	1,518.01
- 40,00,000 (Previous year: 40,00,000) Equity shares of ₹ 10/- each fully paid up of VTL Investments Limited	403.50	403.50
- 2,90,72,240 (Previous year: 2,90,72,240) Equity shares of ₹ 10/- each fully paid up of Vardhman Yarns & Threads Limited	12,747.16	12,747.16
- 71,40,000 (Previous year: 71,40,000) Equity shares of ₹ 10/- each fully paid up of Vardhman Nisshinbo Garments Company Limited	714.00	714.00
<b>II OTHER INVESTMENTS (at cost)</b>		
<b>Investment in equity instruments (unquoted)</b>		
- 4,495 (Previous year: 4,495) Equity shares of ₹ 10/- each fully paid-up of Srestha Holdings Ltd., 80 (Previous year 80) shares of ₹50/- each fully paid-up in the Valencia Co-operative Housing Society Limited, Mumbai and 5 (Previous year:5) shares of Dalamal House Commercial Complex Society Ltd,Mumbai	0.45	0.45
- 41,000 (Previous Year: 41,000 ) Equity-Shares of ₹ 10/- each fully paid-up of Shivalik Solid Waste Management Limited (Section 25 Company)	4.10	4.10
- 1,40,625 (Previous year: 1,40,625) Equity shares of ₹ 10/- each fully paid-up of Nimbua Greenfield (Punjab) Limited	14.06	14.06
<b>Investment in mutual funds (quoted)</b>		
<b>Fixed maturity plans/Debt Funds</b>		
- Nil (Previous year: 25,000,000) Units of ₹ 10/- each of Kotak FMP series 84- Growth \$	-	2,500.00
- Nil (Previous year: 25,000,000) Units of ₹ 10/- each of Kotak FMP series 82- Growth \$	-	2,500.00
- Nil (Previous year: 25,000,000) Units of ₹ 10/- each of ICICI Prudential FMP series 63 \$	-	2,500.00
- Nil (Previous year: 15,000,000) Units of ₹ 10/- each of UTI fixed maturity plan-Yearly FMP series : Institutional growth \$	-	1,500.00
- Nil (Previous year: 11,008,200) Units of ₹ 10/- each of UTI fixed maturity plan-Yearly FMP series : YFMP (03/12)-Growth plan \$	-	1,100.82
- Nil (Previous year: 25,000,000) Units of ₹ 10/- each of SBI Debt Fund Series-13 months-Growth \$	-	2,500.00
- 75,000,000 (Previous year: Nil) Units of ₹ 10/- each of UTI Fixed Term Income fund series XIV-VIII - 371 days - Growth Plan	7,500.00	-
<b>Total</b>	<b>29,319.02</b>	<b>34,419.84</b>
1. Aggregate amount of quoted investments	13,885.24	18,403.56
2. Aggregate Market value of quoted investments	17,012.83	17,115.59
3. Aggregate amount of unquoted investments	15,433.78	16,016.28
4. Aggregate provision for diminution in value of investments	-	-

\$ Non current investments having maturity period less than 12 months as on date of balance sheet have been shown under the head current investments as per the requirement of Guidance Note on the Revised Schedule VI to the Companies Act, 1956 issued by "The Institute of Chartered Accountants of India".



Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2013

**15. Long-term loans and advances**  
(Unsecured, considered good)

Particulars	As at 31 <sup>st</sup> March, 2013 (₹ in lac)	As at 31 <sup>st</sup> March, 2012 (₹ in lac)
Capital advances	8,428.41	3,947.51
Security deposits	1,638.72	1,519.93
Other loans and advances :		
- Loans to employees	122.98	72.61
- Prepaid expenses	26.44	65.90
- Other recoverable	96.82	81.20
- Balance with government authorities	1,326.90	1,057.01
- Advance income-tax {net of provision for tax ₹ 61,679.76 lac (Previous year ₹ 50,975.71 lac)}	2,619.13	2,324.87
<b>Total</b>	<b>14,259.40</b>	<b>9,069.03</b>
<b>16. Other non-current assets</b> (Unsecured, considered good)		
- Fixed Deposits with banks with maturity after twelve months	5,002.08	2.04
<b>Total</b>	<b>5,002.08</b>	<b>2.04</b>

**17. Current investments**

(Valued at lower of cost and fair value)

Particulars	As at 31 <sup>st</sup> March, 2013 (₹ in lac)		As at 31 <sup>st</sup> March, 2012 (₹ in lac)	
<b>Investment in Equity instruments (quoted)</b>				
- Nil (Previous year: 1,69,120) Equity shares of ₹ 10/- each fully paid up of Industrial Development Bank of India Limited	-		-	89.32
- Nil (Previous year: 6,909) Equity shares of ₹ 10/- each fully paid up of Moil Limited	-		25.91	
Less : Provision for diminution in value of Investments	-	-	8.59	17.32
	-	-	-	106.64
<b>Investment in Debentures or Bonds (quoted)</b>				
- Nil (Previous year: 1,000,000) 9.75% Debentures of ₹ 100/- each of Trent Ltd.	-		1,016.09	
Less : Provision for diminution in value of Investments	-	-	13.84	1,002.25
- 50 (Previous year: 50) 12.95% Non Convertible Debentures of ₹ 10,00,000/- each of Cholamandalam Investments & Finance Company Limited	500.35		500.35	
Less : Provision for diminution in value of Investments	4.66	495.69	-	500.35
- Nil (Previous year: 200) 9.90% Perpetual Bonds of Yes Bank of ₹ 10,00,000/- each	-		2,000.00	
Less : Provision for diminution in value of Investments	-	-	48.00	1,952.00
- 500,000 (Previous year: 500,000) 9.60% Non Convertible Debentures of Ballarpur Industries Ltd of ₹ 100/- each	507.83		507.83	
Less : Provision for diminution in value of Investments	7.14	500.69	16.94	490.89
	<b>7.14</b>	<b>500.69</b>	<b>16.94</b>	<b>490.89</b>
	<b>996.38</b>		<b>3,945.49</b>	<b>3,945.49</b>

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2013

Particulars	As at 31 <sup>st</sup> March, 2013 (₹ in lac)	As at 31 <sup>st</sup> March, 2012 (₹ in lac)
<b>Investment in Debentures or Bonds (unquoted)</b>		
- Nil (Previous year: 20) Redeemable Debentures of ₹ 10,00,000/- each of Sky Deck Properties and Developers Private Limited	-	204.52
Less : Provision for diminution in value of Investments	-	13.99
- Nil (Previous year: 25) Redeemable Non-Convertible Debentures of ₹1,000,000/- each of Barclays Investments & Loans (India) Ltd	-	250.00
		440.53
<b>Investment in debentures or Bonds (quoted) *</b>		
- Nil (Previous year 50,000) Units of ₹ 100/- each of 10.75% DPSC Bonds	-	53.31
<b>Investment in Mutual Funds (quoted)</b>		
- Nil (Previous year: 5,000,000) Units of ₹ 10/- each of SBI Debt Fund Series-180 Days-11 Dividend	-	500.00
- 20,000,000 (Previous year: Nil) Units of ₹ 10/- each of SBI Debt Fund Series-366 Days 25-Dir. Growth	2,000.00	-
- 50,000,000 (Previous year: Nil) Units of ₹ 10/- each of SBI Debt Fund Series-366 Days 25-Reg. Growth	5,000.00	-
- 25,000,000 (Previous year: Nil) Units of ₹ 10/- each of Kotak FMP series 84- Growth #	2,500.00	-
- 25,000,000 (Previous year: Nil) Units of ₹ 10/- each of Kotak FMP series 82- Growth #	2,500.00	-
- 25,000,000 (Previous year: Nil) Units of ₹ 10/- each of ICICI Prudential FMP series 63 #	2,500.00	-
- 15,000,000 (Previous year: Nil) Units of ₹ 10/- each # of UTI fixed maturity plan-Yearly FMP series : Institutional growth	1,500.00	-
- 11,008,200 (Previous year: Nil) Units of ₹ 10/- each # of UTI fixed maturity plan-Yearly FMP series : YFMP (03/12)-Growth plan	1,100.82	-
- 25,000,000 (Previous year: Nil) Units of ₹ 10/- each of SBI Debt Fund Series-13 months-Growth #	2,500.00	-
- 24,551,204 (Previous year: Nil) Units of ₹ 10/- each of DWS Premier Bond Fund - Premium Plus Plan - Growth	2,500.00	-
- 15,200,687 (Previous year: Nil) Units of ₹ 10/- each of ICICI Income Opportunities Inst.Growth	3,000.00	-
- 3,426,398 (Previous year: Nil) Units of ₹ 10/- each of Reliance Income Fund-Growth Plan-Bonus option	375.00	-
	<b>25,475.82</b>	<b>500.00</b>



Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2013

Particulars	As at 31 <sup>st</sup> March, 2013 (₹ in lac)	As at 31 <sup>st</sup> March, 2012 (₹ in lac)
<b>Investment in Mutual Funds (unquoted)</b>		
<b>Liquid Funds</b>		
- Nil (Previous year: 10,00,000 ) Units of ₹1000/- each of SBI Liquid Mutual Fund	-	10,004.47
- Nil (Previous year: 2,000,095) Units of ₹100/- each of Birla Sun Life floating rate fund	-	2,000.50
	-	<u>12,004.97</u>
<b>Investment in Liquid Funds / Debt Funds/ Monthly Income Plans (unquoted) *</b>		
- 13,900 (Previous year 100) Units of ₹1000/- each of Morgan Stanley Liquid Fund- daily dividend	139.00	1.00
<b>Total</b>	<u>139.00</u>	<u>1.00</u>
<b>Grand Total</b>	<u>26,611.20</u>	<u>17,051.94</u>
1. Aggregate amount of quoted investments	26,484.00	4,692.81
2. Aggregate Market Value of quoted investments	28,193.96	5,345.29
3. Aggregate amount of unquoted investments	139.00	12,460.49
4. Aggregate provision made for diminution in value of investments	11.80	101.36

# Non current investments having maturity period less than 12 months as on date of balance sheet have been shown under the head current investments as per the requirement of Guidance Note on the Revised Schedule VI to the Companies Act, 1956 issued by "The Institute of Chartered Accountants of India".

\* These investments are under Portfolio Management Services

**18. Inventories**

(At cost or net realisable value, whichever is lower)

Raw materials (includes in transit ₹ 2,015.54 lac) (Previous Year ₹ 1,560.73 lac)	99,033.42	89,888.75
Work-in-progress	12,282.06	8,810.20
Finished Goods (includes in transit ₹ 2.54 lac (Previous Year ₹ Nil)	30,186.65	25,199.52
Stores and Spares (includes in transit ₹ 1,304.16 lac) (Previous Year ₹ 734.32 lac)	8,442.35	7,624.62
<b>Total</b>	<u>149,944.48</u>	<u>131,523.09</u>

**19. Trade receivables**

Outstanding for a period exceeding six months from the date they are due for payment :

- Unsecured, considered good unless otherwise stated	627.94	551.58
- Doubtful	75.33	246.49
Less: Allowances for doubtful trade receivables	75.33	246.49
	<u>627.94</u>	<u>551.58</u>
Other trade receivables :		
- Unsecured, considered good	62,563.67	53,131.44
<b>Total</b>	<u>63,191.61</u>	<u>53,683.02</u>

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2013

**20. Cash and bank balances**

Particulars	As at 31 <sup>st</sup> March, 2013 (₹ in lac)	As at 31 <sup>st</sup> March, 2012 (₹ in lac)
<b>Cash and cash equivalents</b>		
a) Balances with banks		
- In current accounts	2,353.59	5,475.32
- In deposit accounts with maturity upto three months	0.25	5.00
b) Cheques on hand	13.59	13.82
c) Cash on hand	132.86	170.02
d) Other bank balances		
- Earmarked balances with banks*	120.28	152.51
- Deposits with more than twelve months maturity	5,002.08	2.04
- Deposits with more than three months but less than twelve months maturity	42.34	24.91
	<u>7,664.99</u>	<u>5,843.62</u>
Less: Amounts disclosed as other non current assets (refer note 16)	5,002.08	2.04
<b>Total</b>	<u>2,662.91</u>	<u>5,841.58</u>

\* Earmarked balances with banks includes ₹ 109.83 lac (Previous year ₹ 124.90 lac) pertaining to dividend accounts with banks and ₹ 10.45 lac (Previous year ₹ 27.61 lac) pledged with government authorities and others.

**21. Short-term loans and advances**

(Unsecured considered good, unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2013 (₹ in lac)	As at 31 <sup>st</sup> March, 2012 (₹ in lac)
Loans and advances to related parties (refer note 42)		
Subsidiary companies	1,373.40	1,891.95
Others	-	2,981.05
Others:		
Balance with government authorities	8,277.19	8,464.67
Claims receivables	139.10	151.43
Advances to suppliers	26,225.35	4,937.04
Prepaid expenses	444.92	362.09
Other recoverables :		
- Considered good	8,253.70	8,128.94
- doubtful	136.64	116.88
	<u>8,390.34</u>	<u>8,245.82</u>
Less: Allowances for doubtful advances	136.64	116.88
<b>Total</b>	<u>44,713.66</u>	<u>26,917.17</u>

**22. Other current assets**

(Unsecured, considered good)

Particulars	As at 31 <sup>st</sup> March, 2013 (₹ in lac)	As at 31 <sup>st</sup> March, 2012 (₹ in lac)
Amount recoverable from Mahavir Share Trust in respect of shares held in Trust (refer note 34 and 35)	1,786.52	1,786.51
<b>Total</b>	<u>1,786.52</u>	<u>1,786.51</u>

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2013

**23. Revenue from operations**

Particulars	For the year ended 31 <sup>st</sup> March, 2013 (₹ in lac)	For the year ended 31 <sup>st</sup> March, 2012 (₹ in lac)
Sale of products	406,925.30	381,358.55
Sale of services	1,366.46	1,450.02
Other operating revenues :		
- Export benefits	6,834.11	8,244.50
- Others	951.04	892.60
Revenue from operations (Gross)	416,076.91	391,945.67
Less : Excise duty	105.86	145.52
<b>Revenue from operations (Net)</b>	<b>415,971.05</b>	<b>391,800.15</b>
<b>Sale of products comprises :</b>		
Yarn	252,345.57	242,177.46
Fabric	19,362.22	24,610.71
Processed fabric	117,334.04	95,369.90
Power	140.68	112.74
Miscellaneous	16,641.01	17,614.82
Raw material (cotton)	652.53	1,041.98
Raw material (fibre)	423.60	374.42
Raw material (others)	25.65	56.52
<b>Total</b>	<b>406,925.30</b>	<b>381,358.55</b>

**24. Other income**

Dividend Income from long-term trade investments		
- Subsidiaries	744.56	850.82
- Others	74.48	78.17
Dividend income from current investments	496.49	558.44
Net gain on sale of investments		
- Current investments	543.49	533.32
- Long-term investments	200.70	2.34
Gain on foreign currency transactions and translations (net)	-	1,315.42
Claims received (net of expenses)	93.86	121.60
Provisions no longer required written back	177.11	343.62
Allowances for doubtful trade receivables and advances written back	146.93	-
Adjustments to carrying amount of investment		
- Reversal of reduction in the carrying amount of current investments	89.55	25.46
Prior period items (net) (refer note 44)	283.30	-
Net gain on sale of fixed assets	543.97	382.97
Miscellaneous	2,095.38	1,844.91
<b>Total</b>	<b>5,489.82</b>	<b>6,057.07</b>

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2013

## 25. Cost of materials consumed\*

Particulars	For the year ended 31 <sup>st</sup> March, 2013 (₹ in lac)	For the year ended 31 <sup>st</sup> March, 2012 (₹ in lac)
Cotton#	161,448.56	173,599.07
Manmade fibre	40,649.38	41,869.70
Yarn	7,486.55	4,359.48
Fabric	22.14	19.14
Others	30.71	186.44
<b>Total</b>	<b>209,637.34</b>	<b>220,033.83</b>

\* Includes Cost of Goods sold

# Cotton consumed is net of cotton issued for trial run production and insurance claim received on Raw material destroyed in fire of ₹ 445.50 lac (previous year ₹ Nil) &amp; ₹ 1,926.13 lac (previous year ₹ Nil) respectively

## 26. Purchases of stock-in-trade

Fabric	78.65	8.90
Yarn	2,604.51	3,091.61
Garments	6.56	1.19
<b>Total</b>	<b>2,689.72</b>	<b>3,101.70</b>

## 27. Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended 31 <sup>st</sup> March, 2013 (₹ in lac)		For the year ended 31 <sup>st</sup> March, 2012 (₹ in lac)	
Inventories at the beginning of the year				
Work-in-progress	8,810.20		10,343.72	
Finished goods	25,199.52	34,009.72	36,356.49	46,700.21
Less: Material transferred for trial run production		2,436.90		-
Add: Material transferred from trial run production		1,911.93		-
		33,484.75		46,700.21
Inventories at the end of the year				
Work-in-progress	12,282.06		8,810.20	
Finished goods	30,184.11	42,466.17	25,199.52	34,009.72
<b>Total</b>		<b>(8,981.42)</b>		<b>12,690.49</b>

Details of inventory :	UOM	Qty	Amount in ₹	Qty	Amount in ₹
Work-in-progress :					
Yarn			8,885.73		6,085.52
Fabric			1,607.69		1,339.02
Processed Fabric			1,788.64		1,385.66
<b>Total</b>			<b>12,282.06</b>		<b>8,810.20</b>
Finished goods :					
Yarn	MT's	8,733	17,094.13	8,597	15,968.04
Fabric	Mn. Mtrs	11.28	7,549.65	9.81	6,292.66
Processed Fabric	Mn. Mtrs	6.15	5,540.33	3.43	2,938.82
<b>Total</b>			<b>30,184.11</b>		<b>25,199.52</b>

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2013

**28. Employee benefits expense**

Particulars	For the year ended 31 <sup>st</sup> March, 2013 (₹ in lac)	For the year ended 31 <sup>st</sup> March, 2012 (₹ in lac)
Salaries and wages	23,794.89	19,565.97
Contribution to provident and other funds	2,452.39	2,114.38
Staff welfare expenses	587.05	432.64
<b>Total</b>	<b>26,834.33</b>	<b>22,112.99</b>

**29. Finance costs**

Interest expense (net) (refer note 45)	16,545.56	16,269.35
Other borrowing costs	889.21	1,052.92
<b>Total</b>	<b>17,434.77</b>	<b>17,322.27</b>

**30. Other expenses**

Power and fuel	46,403.19	38,295.38
Consumption of stores and spare parts	2,778.22	2,183.27
Packing materials and charges	5,591.71	5,125.09
Dyes and Chemicals consumed	13,865.54	11,088.54
Rent	130.98	136.11
Repairs and maintenance to buildings	1,303.45	834.12
Repairs and maintenance to machinery	11,003.13	9,041.43
Insurance	546.73	527.27
Rates and taxes	198.85	189.16
Auditors remuneration:		
Audit fee	26.97	26.97
Tax audit fee	6.74	6.74
Reimbursement of expenses	9.74	7.77
In other capacity	1.26	1.44
Bad debts written off	181.88	57.21
Allowances for doubtful trade receivables and advances	-	132.35
Loss on foreign currency transactions and translations (Net)	2,017.62	-
Forwarding charges and octroi	6,855.96	6,253.61
Commission to selling agents	4,176.20	4,323.67
Prior period items (net) (refer note 44)	-	73.96
Rebate and discount	1,113.76	948.70
Miscellaneous	6,764.82	5,329.88
<b>Total</b>	<b>102,976.75</b>	<b>84,582.67</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2013

### 31. Contingent Liabilities and provisions (to the extent not provided for)

Particulars	As at 31 <sup>st</sup> March, 2013 (₹ in lac)	As at 31 <sup>st</sup> March, 2012 (₹ in lac)
<b>I Contingent Liabilities</b>		
(i) Claims not acknowledged as debts	1,342.23	937.20
(ii) Bank Guarantees and Letters of Credit outstanding	22,612.40	16,581.71
(iii) Bills discounted with banks	4,176.64	8,289.88
(iv) Other monies for which the company is contingently liable		
a) The Company has contested the additional demand in respect of Sales Tax, Excise Duty etc., amounting to ₹ 515.02 lac (Previous Year ₹ 554.49 lac). As against this a sum of ₹ 101.71 lac (Previous Year ₹ 155.85 lac) has been deposited under protest and stands included under the head "other recoverable in note-21 - Short-term loans and advances ". The Company has filed an appeal with the Appellate Authorities and is advised that the demand is not in accordance with law. No provision, therefore, has been made in accounts in respect thereof.		
b) The Company has contested the additional demand in respect of income tax amounting to ₹ 5,036.00 lac (Previous Year ₹ 4,819.00 lac). Pending appeal with appellate authorities, provision of ₹ 2,323.00 lac (Previous Year ₹ 2,823.00 lac ) has not been made in the books of account as the company is confident to get the desired relief.		
c) The company had taken over the textile undertaking of Vardhman Holdings Limited (formerly known as Vardhman Spinning & General Mills Limited) by a scheme of Arrangement and De-merger. An injunction was obtained against the London Branch of the said textile undertaking for preventing disposal of assets upto the value of Pound Sterling 2.99 Lac as a result of a court case pending in London for alleged non-fulfilment of an agreement of cotton purchase. The said matter had been decided against the said textile undertaking and accordingly, Pound Sterling 0.48 Lac lying in the bank account at London had been paid to the claimant pursuant to the Order of the Court. The said amount was written off in the books of the said undertaking by way of debit to the statement of Profit and Loss. No provision has been made for the balance decreed amount by the undertaking in view of the fact that the said undertaking was prevented by force majeure in fulfilling its part of contract. The Company as successor to the textile undertaking is contesting this matter in Indian Courts and is confident that there would not be any further liability in this regard.		

### II Commitments

(i) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	26,006.66	24,405.30
(ii) Exports obligations under Export Promotion Capital Goods (EPCG) scheme#	Nil	18,155.62

# The Company has executed bonds for an aggregate amount of ₹ 120,916.00 lac (Previous Year ₹ 129,358.00 lac) in favour of the President of India under section 59 (2) and 67 of the Customs Act, 1962 and Central Excise and salt Act, 1944 for fulfilment of the obligation under the said Acts.

32. The Company has provided depreciation on Computers @ 25% on straight line basis as the useful life of the computers has been estimated to be not more than four years.

### 33. Amortisation of Intangible assets

- a. Softwares have been amortised @ 25% on straight line basis as the useful life has been estimated to be not more than four years.
- b. Right to use power lines have been amortised @ 20% on straight line basis as the useful life thereof has been estimated to be not more than five years.

34. The Company is holding 15,98,741 (Previous year 15,98,741) equity shares of Vardhman Textiles Limited through a trust, which were received by it in its capacity as a shareholder of Vardhman Holdings Limited, in accordance with the 'Scheme of Arrangement and Demerger'. Further, during the year under consideration, the Trust has been allotted 3,19,748 equity shares by Vardhman Specials Steels Limited (VSSL) in the ratio of one equity share against every five equity shares held in the company in accordance with the 'Scheme of Arrangement and Demerger' entered into by the company, VSSL and their respective shareholders and creditors. The said trust has been exclusively formed for the benefit of the company. As per the provision of the trust deed, all the money received by the trust (including dividend and the proceeds of the sale of shares) shall be paid forthwith to the company by the trust.



**Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2013**

35. The detail of the amount recoverable from Mahavir Share Trust as at the close of the year is as under:

	As at 31 <sup>st</sup> March, 2013 (₹ in lac)	As at 31 <sup>st</sup> March, 2012 (₹ in lac)
Cost of Shares	1,785.40	1,785.40
Other Recoverable Amount	1.12	1.11
<b>Total</b>	<b>1,786.52</b>	<b>1,786.51</b>

36. The company has provided the loss for outstanding derivative options on mark to market basis in the current financial year. The figures for the current financial year and the previous financial year may not be comparable.

37. Segment Information as required by Accounting Standard (AS)-17 on "Segment Reporting" issued by Companies (Accounting Standards) Rules 2006, has been compiled on the basis of the consolidated financial statements and is disclosed in the notes to accounts forming part of the consolidated financial statements in accordance with the above standard. Therefore segment information in respect of separate financial statements of the company is not being disclosed in the standalone financial statements.

38. In accordance with the Accounting Standard (AS)-28 on "Impairment of Assets" the Company has assessed as on the balance sheet date, whether there are any indications (listed in paragraphs 8 to 10 of the Standard) with regard to the impairment of any of the assets. Based on such assessment it has been ascertained that no potential loss is present and therefore, formal estimate of recoverable amount has not been made. Accordingly no impairment loss has been provided in the books of account.

**39. Earning Per Share**

The calculation of Earning Per Share (EPS) as disclosed in the statement of profit and loss has been made in accordance with Accounting Standard (AS)-20 on "Earning Per Share" issued by Companies (Accounting Standards) Rules, 2006.

A statement on calculation of basic EPS is as under:

Particular	Current year (₹ in lac)	Previous year (₹ in lac)
Net Profit after tax attributable to equity shareholders	32,372.56	10,966.60
<b>Total (A)</b>	<b>32,372.56</b>	<b>10,966.60</b>
Weighted average number of equity shares (No in lac)	636.52	636.52
<b>Total (B)</b>	<b>636.52</b>	<b>636.52</b>
Basic earning per Share (₹) (A)/(B)	50.86	17.23
Diluted earning per Share (₹)*	50.86	17.23
Face value per equity share (₹)	10.00	10.00

\*There are no potential equity shares

40. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 under the chapter on delayed payments to Micro & small enterprises.

Sr. No.	Particulars	As at 31 <sup>st</sup> March, 2013 (₹ in lac)	As at 31 <sup>st</sup> March, 2012 (₹ in lac)
1.	Principal amount remaining unpaid to any supplier as at the end of accounting period	-	-
2.	Interest due on remaining unpaid to any supplier as at the end of the accounting period	-	-
3.	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day during accounting period	-	-
4.	The amount of interest due and payable for the year	-	-
5.	The amount of interest accrued and remaining unpaid at the end of accounting year	-	-
6.	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues of Micro, Small and Medium enterprises have been determined on the basis of information collected by the management. This has been relied upon by the auditors.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2013

### 41. Leases

The Company has leased facilities under cancellable and non-cancellable operating lease arrangements with a lease term ranging from one to five years, which are subject to renewal at mutual consent thereafter. The cancellable arrangements can be terminated by either party after giving due notice. The lease rent expenses recognised during the year amounts to ₹ 88.37 lac (Previous Year ₹ 70.96 lac). The future minimum lease payments in respect of the non-cancellable operating leases are :

	As at 31 <sup>st</sup> March, 2013 (₹ in lac)	As at 31 <sup>st</sup> March, 2012 (₹ in lac)
a) not later than one year	45.00	33.81
b) later than one year but not later than five years	40.23	53.75
c) later than five years	0.36	-

### 42. Related Party Disclosure

(a) Disclosure of Related Parties and relationship between the parties.	
1. Subsidiaries	VMT Spinning Company Limited Vardhman Acrylics Limited VTL Investments Limited Vardhman Yarns and Threads Limited Vardhman Special Steels Limited (upto 7 <sup>th</sup> April, 2011) Vardhman Nisshinbo Garments Company Limited (Formerly known as Vardhman Texgarments Ltd)
2. Associates	Vardhman Textile Components Limited Vardhman Spinning and General Mills Limited Vardhman Special Steels Limited (w.e.f 8 <sup>th</sup> April, 2011)
3. Key Management Personnel	Mr. S.P. Oswal Mr. Sachit Jain Mrs. Suchita Jain Mr. Neeraj Jain
4. Enterprises over which key Management Personnel and relative of such personnel is able to exercise significant influence or control	Vardhman Holdings Limited Vardhman Apparels Limited Smt. Banarso Devi Oswal Public Charitable Trust Sri Aurobindo Socio Economic and Management Research Institute *Adinath Investment and Trading Co. *Devakar Investment and Trading Co. Limited *Srestha Holdings Limited *Santon Finance and Investment Co. Limited *Flamingo Finance and Investment Co. Limited *Ramaniya Finance and Investment Co. Limited *Marshall Investment and Trading Co. (P) Limited *Pardeep Mercantile Co. (P) Limited *Plaza Trading Co. (P) Limited *Anklesh Investments (P) Limited *Syracuse Investment and Trading Co. (P) Limited *Mahavir Spinning Mills (P) Ltd. (Formerly known as Vardhman Textiles Processors (P) Limited) **Northern Trading Co. **Ambar Syndicate **Paras Syndicate **Adinath Syndicate **Eastern Trading Company

**Note:** \* Only Loan Transactions have taken place with these Companies.

\*\* No transaction has taken place during the year.



Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2013

(b) Description of the nature of transactions with the related parties :

(₹ in lac)

Particulars	Subsidiaries		Associates		Key Management Personnel (KMP)		Enterprises over which KMP is able to exercise significant influence		TOTAL	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Purchase/processing of goods	31,852.95	29,585.87	273.58	289.53	-	-	-	-	32,126.53	29,875.40
Purchase of DEPB licences	3.63	11.58	-	-	-	-	-	-	3.63	11.58
Sale/processing of goods	4,641.36	3,112.66	41.43	60.63	-	-	-	-	4,682.79	3,173.29
Sale of DEPB licences	1,458.86	1,776.54	1,050.92	1,099.77	-	-	-	-	2,509.78	2,876.31
Purchase of fixed assets	44.18	0.36	0.06	-	-	20.88	-	-	44.24	21.24
Sale of fixed assets	22.20	72.40	-	-	-	-	-	-	22.20	72.40
Donation Paid	-	-	-	-	-	-	100.00	100.00	100.00	100.00
Rent Paid	-	-	-	-	-	-	7.81	6.96	7.81	6.96
Receipt against corporate services agreement *	443.51	261.00	82.00	-	-	-	-	-	525.51	261.00
Payment against licence agreement *	-	-	-	-	-	-	63.93	60.00	63.93	60.00
Interest paid	619.08	474.81	-	-	-	-	201.55	184.80	820.63	659.61
Interest received	108.58	95.44	268.47	102.44	-	-	-	-	377.05	197.88
Rent Received	3.36	0.90	0.60	0.30	-	-	-	-	3.96	1.20
Dividend Paid	-	-	-	-	-	-	-	-	-	-
Dividend Received	-	-	-	-	-	-	-	-	-	-
Managerial remuneration	-	-	-	-	1,136.89	504.41	-	-	1,136.89	504.41
Loan Given (Including Opening Balance)	26,899.30	25,153.71	68,090.37	19,121.05	-	-	-	-	94,989.67	44,274.76
Loan received back	25,525.90	22,636.76	68,090.37	16,765.00	-	-	-	-	93,616.27	39,401.76
Closing Balance	1,373.40	2,516.95	-	2,356.05	-	-	-	-	1,373.40	4,873.00
Loan Taken (Including Opening Balance)	89,040.50	88,888.98	-	-	-	-	4,736.30	6,705.05	93,776.80	95,594.03
Loan Repayment	89,040.50	87,268.63	-	-	-	-	4,588.50	4,757.75	93,629.00	92,026.38
Closing Balance	-	1,620.35	-	-	-	-	147.80	1,947.30	147.80	3,567.65

\* excluding service tax

43. Disclosure required by Clause 32 of Listing Agreement:

- (i) The Company has given inter corporate deposits aggregating to ₹ 14,334.00 lac (Previous Year ₹11,324.95 lac) to M/s Vardhman Acrylics Ltd. during the year. The maximum amount outstanding during the year was ₹ 1,190.50 lac (Previous Year ₹ 3,419.35 lac). The Balance outstanding as on 31.03.13 is ₹ Nil (Previous Year ₹ Nil).
- (ii) The Company has given inter corporate deposits aggregating to ₹ 5,687.60 lac (Previous Year ₹ 8,900.85 lac) to M/s VMT Spinning Company Limited during the year. The maximum amount outstanding during the year was ₹ 1,620.55 lac (Previous Year ₹ 2,673.80 lac). The Balance outstanding as on 31.03.13 is ₹ Nil (Previous Year ₹ 1,260.55 lac).
- (iii) The Company has given inter corporate deposits aggregating to ₹ 65,109.32 lac (Previous Year ₹ 1,125.00 lac) to M/s Vardhman Special Steels Limited. The maximum amount outstanding during the year was ₹ 8,210.00 lac (Previous Year ₹ 670.00 lac). The Balance outstanding as on 31.03.2013 is ₹ Nil lac (Previous Year ₹ 2,981.05 lac).
- (iv) The Company has given inter corporate deposits aggregating to ₹ 1,724.00 lac (Previous Year ₹ 1,221.30 lac) to M/s Vardhman Nisshinbo Garments Company Limited during the year. The maximum amount outstanding during the year was ₹ 1,424.40 lac (Previous Year ₹ 799.40 lac). The Balance outstanding as on 31.03.13 is ₹ 1,373.40 (Previous Year ₹ 631.40 lac).
- (v) The Company has given inter corporate deposits aggregating to ₹ Nil (Previous Year ₹ 500.00 lac) to M/s VTL Investments Limited during the year. The maximum amount outstanding during the year was ₹ Nil (Previous Year ₹ 500.00 lac). The Balance outstanding as on 31.03.13 is ₹ Nil (Previous Year ₹ Nil).
- (vi) The Company has given inter corporate deposits aggregating to ₹ 3,261.75 lac (Previous Year ₹ 2,081.61 lac) to M/s Vardhman Yarns and Threads Limited during the year. The maximum amount outstanding during the year was ₹ 1,230.15 lac (Previous Year ₹ 685.72 lac). The Balance outstanding as on 31.03.13 is ₹ Nil (Previous Year ₹ Nil).

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2013

44. Prior period items are as follows

Particulars	For the year ended 31 <sup>st</sup> March, 2013 (₹ in lac)	For the year ended 31 <sup>st</sup> March, 2012 (₹ in lac)
Other Expenses	47.00	203.14
Finance Costs	12.11	2.93
Employee Benefits Expense	3.15	54.60
Purchase of Stock-in-trade	0.26	-
Other Income	(138.76)	(17.15)
Revenue From Operations	(207.06)	(169.55)
<b>Net Prior period (Income)/Expense</b>	<b>(283.30)</b>	<b>73.96</b>

45. Interest expense is net of interest income from :-

(i) Related parties	498.80	197.88
(ii) Current investments	1,254.08	1,117.75
(iii) Long Term Investments	50.42	-
(iv) Banks and others	994.68	641.56

46. Figures in bracket indicate deductions.

47. Previous year's figures have been recast/regrouped wherever necessary, to make these comparable with current year's figures.

48. Employee Benefits

The summarized position of Post-employment benefits and long term employee benefits recognized in the Statement of Profit and Loss and Balance Sheet as required in accordance with Accounting Standard (AS) 15 is as under:-

(a) Changes in the present value of the obligations : (₹ in lac)

Particulars	Leave (Unfunded)		Gratuity (Funded)	
	Current Year	Previous year	Current Year	Previous year
Present value obligation as at beginning of the year	375.13	327.49	2,206.40	2,012.13
Interest cost	23.02	21.05	155.52	150.49
Past Service cost	-	-	-	-
Current service cost	110.38	211.12	391.64	305.35
Curtailement cost	-	-	-	-
Settlement cost	-	-	-	-
Transferred to VSSL Fund	-	-	(172.70)	-
Benefits Paid	(188.80)	(173.94)	(274.09)	(239.14)
Actuarial (gain)/loss on Obligations	96.79	(10.59)	224.49	(22.43)
Present value of obligation as at end of the year # *	416.52	375.13	2,531.26	2,206.40

\*Gratuity balance as at 31st March, 2012 includes amounts to be transferred to VSSL gratuity fund account on account of De-merger

# includes short term Gratuity liability of ₹ 352.22 lac (Previous year ₹ 293.79 lac)

(b) Changes in Fair Value of Plan Asset (₹ in lac)

Particulars	Leave (Unfunded)		Gratuity (Funded)	
	Current Year	Previous year	Current Year	Previous year
Fair value of Plan Assets as at beginning of the year	-	-	2,028.55	1,554.74
Expected return on Plan Assets	-	-	159.85	93.38
Contributions	-	-	182.73	358.43
Benefits Paid	-	-	-	-
Actuarial gain/ (loss) on Obligations	-	-	5.08	22.00
Transferred to VSSL Fund	-	-	(177.60)	-
Fair value of Plan Assets as at end of the year *	-	-	2,198.61	2,028.55

\* Gratuity balance as at 31st March, 2012 includes amounts to be transferred to VSSL gratuity fund account on account of De-merger

**Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2013**

(c) Amount recognized in Balance Sheet (₹ in lac)

Particulars	Leave (Unfunded)		Gratuity (Funded)	
	Current Year	Previous year	Current Year	Previous year
Present value of obligation as at end of the year	416.52	375.13	2,531.26	2,206.40
Fair value of Plan Assets as at end of the year	-	-	2,198.62	2,028.55
Funded Status	(416.52)	(375.13)	(332.64)	(177.85)
Present value of unfunded obligation as at end of the year	-	-	-	-
Unfunded Actuarial (gains)/ losses	-	-	-	-
Unfunded Net Asset/ (Liability) recognised in Balance Sheet	(416.52)	(375.13)	(332.64)	(177.85)

(d) Expenses Recognized in Profit and Loss (₹ in lac)

Particulars	Leave (Unfunded)		Gratuity (Funded)	
	Current Year	Previous year	Current Year	Previous year
Current service cost	110.38	211.12	391.64	305.35
Past Service cost	-	-	-	-
Interest cost	23.02	21.05	155.52	150.49
Expected return on Plan Assets	-	-	(159.85)	(93.38)
Curtailment cost	-	-	-	-
Settlement cost	-	-	-	-
Net Actuarial (gain)/ loss recognised during the year	96.79	(10.59)	219.42	(44.43)
Total Expenses recognised in Profit & Loss Account	230.19	221.58	606.73	318.03

(e) Investment details of Fund (₹ in lac)

Particulars	Leave (Unfunded)		Gratuity (Funded)	
	Current Year	Previous year	Current Year	Previous year
Central Govt. Securities	-	-	1,256.14	1,099.76
Investment in PSU	-	-	539.88	599.88
Other Investments	-	-	131.57	141.44
Bank Balance	-	-	271.02	187.47
Total	-	-	2,198.61	2,028.55

(f) Principal actuarial assumption at the Balance Sheet Date (expressed as weighted average)

Particulars	Leave (Unfunded)		Gratuity (Funded)	
	Current Year	Previous year	Current Year	Previous year
Discount Rate (per annum)	8.20%	8.50%	8.20%	8.50%
Rate of increase in compensation levels (per annum)	6.50%	7.00%	6.00%	6.00%
Rate of return on plan assets (per annum)	N.A.	N.A.	8.23%	7.00%
Expected Average remaining working lives of employees (years)	27.69	27.81	27.69	27.78
Method Used	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in employee market

(g) Other short term employee's benefits (Un-Funded) (₹ in lac)

Particulars	Short Term Leave		Leave Travel Encashment		Ex-Gratia	
	Current Year	Previous year	Current Year	Previous year	Current year	Previous year
Liability as at beginning of the year	69.02	40.60	69.38	85.54	152.40	194.56
Liability as at end of the year	79.00	69.02	89.56	69.38	183.27	152.40
Amount debited to Statement of P&L	9.98	(28.32)	65.74	72.84	198.39	199.86

Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2013

(h) During the year, the company has recognized an expense of ₹ 1,353.21 Lac (Previous Year ₹ 1,166.23 lac) in respect of Contribution to Provident Fund and ₹ 68.27 Lac (Previous Year ₹ 67.66 Lac) in respect of Contribution to Superannuation Scheme.

49. The company uses forward contracts and options to hedge its risk associated with fluctuation in foreign currency relating to foreign currency assets and liabilities, firm commitment and highly probable forecast transactions. The use of the aforesaid financial instruments is governed by the company's overall risk management strategy. The company does not use forward contracts and options for speculative purposes. The details of the outstanding forward contracts and options as at 31st March 2013 is as under:

(a) Category wise quantitative data

Particulars	Current year		Previous year	
	No. of Contracts	Amount in Foreign Currency (million)	No. of Contracts	Amount in Foreign Currency (million)
Forward contracts against exports (USD)	109	103.40	71	86.14
Forward contracts against exports (EURO)	20	6.22	7	3.62
Put and Call options against exports (USD) *	7	86.25	10	93.50
Put and Call options against imports (EURO) *	-	-	1	1.50
Forward contracts against imports (USD)	31	20.65	13	19.12
Forward contracts against imports (YEN)	2	359.20	1	15.00
Forward contracts against imports (CHF)	-	-	1	0.30
Forward contracts against imports (EURO)	20	19.18	5	6.32

(b) Details of foreign currency exposure that has not been hedged by a derivative instrument or otherwise is given below:

Against Creditors (CHF)	0.08	-
Against Creditors (EURO)	0.06	0.15
Against Creditors (GBP)	0.02	-
Against Creditors (JPY)	1.89	-
Against Creditors (USD)	0.03	2.60
Against Creditors (YEN)	0.49	0.59
Against Debtors (GBP)	-	0.01
Against Debtors (EURO)	0.06	-
Against Debtors (USD)	1.62	-

\* Option Contracts are based on the maximum coverage under options.

50. Project and Pre-operative expenses :-

(₹ in lac)			(₹ in lac)		
Particulars	Current year	Previous year	Particulars	Current year	Previous year
<b>Development account</b>			8. Rent, Rates and Taxes	0.11	-
1. Stores & spares consumed	13.95	-	9. Miscellaneous	41.93	-
2. Vehicle expenses	0.81	-	10. Interest	361.86	-
3. Insurance	10.96	-	<b>Total - B</b>	<b>4,265.88</b>	-
4. Miscellaneous	67.40	-	<b>Total (C=A+B)</b>	<b>4,677.73</b>	-
5. Interest	318.73	-	Less : Sale of Finished Goods	3,291.04	-
<b>Total - A</b>	<b>411.85</b>	-	Less : Export benefits received	83.79	-
<b>Trial Run Expenses</b>			Less : Finished Goods transferred from trial run	1,911.93	-
1. Raw Material Consumed	445.50	-	<b>Total of trial run income - D</b>	<b>5,286.76</b>	-
2. Material transferred for trial run	2,436.90	-	<b>Net income from trial run (D - C)</b>	<b>609.03</b>	-
3. Power & Fuel	334.07	-	Less : Allocated to Plant & Machinery Buildings	535.25	-
4. Stores & spares consumed	486.17	-	Capital work in progress	54.55	-
5. Machinery Repair	2.69	-	<b>Total Allocation- E</b>	<b>609.03</b>	-
6. Salary, Wages & Bonus	90.11	-	<b>Pending Allocation (E-D)</b>	<b>Nil</b>	-
7. Staff Welfare	0.07	-			
6. Insurance	4.17	-			
7. Selling expenses	62.30	-			



Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2013

51. The information required by paragraph 5 of general instructions for preparation of the statement of profit and loss as per revised Schedule-VI of the Companies Act, 1956 :

(A) CIF VALUE OF IMPORTS

Particulars	Current year (₹ in lac)	Previous year (₹ in lac)
Raw Materials	15,685.14	10,724.97
Components & Spare Parts	5,278.57	4,263.94
Capital Goods	13,335.70	12,631.47
<b>Total</b>	<b>34,299.41</b>	<b>27,620.38</b>

(B) EXPENDITURE IN FOREIGN CURRENCY

Particulars	Current year (₹ in lac)	Previous year (₹ in lac)
Travelling	92.69	57.62
Commission	2,403.94	2,544.03
Technical Knowhow Fee	27.63	46.48
Miscellaneous	154.87	62.05
<b>Total</b>	<b>2,679.13</b>	<b>2,710.18</b>

(C) EARNING IN FOREIGN CURRENCY

Particulars	Current year (₹ in lac)	Previous year (₹ in lac)
FOB Value of Export	159,959.20	160,307.88
<b>Total</b>	<b>159,959.20</b>	<b>160,307.88</b>

(D) VALUE OF RAW MATERIALS, COMPONENTS & SPARE PARTS CONSUMED

Particulars	Current year (₹ in lac)	%	Previous year (₹ in lac)	%
<b>(I) Raw Materials</b>				
Imported	15,745.53	7.47	11,617.73	5.31
Indigenous	194,904.17	92.53	207,031.39	94.69
<b>Total</b>	<b>210,649.70</b>	<b>100.00</b>	<b>218,649.12</b>	<b>100.00</b>
<b>(II) Components and Spare Parts</b>				
Imported	5,015.64	16.22	4,678.32	23.22
Indigenous	25,911.18	83.78	15,469.60	76.78
<b>Total</b>	<b>30,926.82</b>	<b>100.00</b>	<b>20,147.92</b>	<b>100.00</b>

As per our report of even date  
For S.C. Vasudeva & Co.,  
Chartered Accountants  
Firm Regn. No.: 000235N

For and on behalf of the Board of Directors

SANJIV MOHAN  
Partner  
(M.No. 86066)

KARAN KAMAL WALIA  
Company Secretary

RAJEEV THAPAR  
CGM (Finance,  
Accounts & Taxation)

SACHIT JAIN  
Executive Director

S.P. OSWAL  
Chairman &  
Managing Director

PLACE : NEW DELHI  
DATED: 28th MAY, 2013

PLACE : GURGAON  
DATED: 28th MAY, 2013

## INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To  
**The Board of Directors**  
**Vardhman Textiles Limited**

1. We have audited the accompanying consolidated financial statements of Vardhman Textiles Limited ("the Company"), its subsidiaries and associates (collectively referred to as "the Group") which comprise the consolidated Balance Sheet as at 31<sup>st</sup> March, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by The Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as

evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of ₹ 1,067.39 Crore as at 31<sup>st</sup> March, 2013, total revenue of ₹ 1,156.86 Crore for the year and net cash flow amounting to ₹ 10.63 Crore for the year ended on that date and associates whose financial statements reflect the Group share of income of ₹ 1.55 Crore. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the reports of the other auditors.

### **Opinion**

5. In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements read together with significant accounting policies and notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31<sup>st</sup> March, 2013;
- (b) in the case of consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**FOR S.C. VASUDEVA & CO.,**  
**CHARTERED ACCOUNTANTS**  
**Firm Registration No.: 000235N**

**PLACE : NEW DELHI**  
**DATED : 28th May, 2013**

**(SANJIV MOHAN)**  
**PARTNER**  
**MEMBERSHIP NO. 86066**



# Consolidated Results of Vardhman Textiles Limited

## CONSOLIDATED BALANCE SHEET as at 31<sup>st</sup> March, 2013

Particulars	Note No.	As at 31 <sup>st</sup> March, 2013 (₹ in lac)	As at 31 <sup>st</sup> March, 2012 (₹ in lac)
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share capital	3	6,251.79	6,251.79
(b) Reserves and surplus	4	244,396.33	214,413.51
		<u>250,648.12</u>	<u>220,665.30</u>
<b>(2) Minority Interest</b>			
(a) Share capital		7,118.70	8,509.31
(b) Reserves and surplus		28,429.71	25,611.89
		<u>35,548.41</u>	<u>34,121.20</u>
<b>(3) Non-current liabilities</b>			
(a) Long-term borrowings	5	209,955.03	204,356.89
(b) Deferred tax liabilities (net)	6	25,520.72	23,216.90
(c) Other long term liabilities	7	1,055.87	278.62
(d) Long-term provisions	8	602.92	512.24
		<u>237,134.54</u>	<u>228,364.65</u>
<b>(4) Current liabilities</b>			
(a) Short-term borrowings	9	77,800.98	50,523.04
(b) Trade payables	10	8,383.88	11,623.87
(c) Other current liabilities	11	62,929.03	46,575.13
(d) Short-term provisions	12	6,426.72	4,777.00
		<u>155,540.61</u>	<u>113,499.04</u>
<b>TOTAL</b>		<u>678,871.68</u>	<u>596,650.19</u>
<b>II ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets	13		
(i) Tangible assets		267,903.72	255,680.01
(ii) Intangible assets		2,201.82	1,816.66
(iii) Capital work-in-progress		21,349.17	18,515.00
		<u>291,454.71</u>	<u>276,011.67</u>
(b) Goodwill on Consolidation		293.15	293.15
(c) Non-current investments	14	10,952.07	26,488.78
(d) Long-term loans and advances	15	14,695.33	9,205.88
(e) Other non-current assets	16	5,003.18	66.36
		<u>322,398.44</u>	<u>312,065.84</u>
<b>(2) Current assets</b>			
(a) Current investments	17	47,114.22	24,671.73
(b) Inventories	18	178,399.65	153,476.59
(c) Trade receivables	19	74,647.74	63,038.05
(d) Cash and bank balances	20	6,498.04	8,387.76
(e) Short-term loans and advances	21	47,463.60	32,622.77
(f) Other current assets	22	2,349.99	2,387.45
		<u>356,473.24</u>	<u>284,584.35</u>
<b>TOTAL</b>		<u>678,871.68</u>	<u>596,650.19</u>
See accompanying notes forming part of the financial statements	1- 45		

As per our report of even date  
For S.C. Vasudeva & Co.,  
Chartered Accountants  
Firm Regn. No.: 000235N

SANJIV MOHAN  
Partner  
(M.No. 86066)

KARAN KAMAL WALIA  
Company Secretary

RAJEEV THAPAR  
CGM (Finance,  
Accounts & Taxation)

For and on behalf of the Board of Directors

SACHIT JAIN  
Executive Director

S.P. OSWAL  
Chairman &  
Managing Director

PLACE : NEW DELHI  
DATED: 28th MAY, 2013

PLACE : GURGAON  
DATED: 28th MAY, 2013

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended 31<sup>st</sup> March, 2013

Particulars	Note No.	For the year ended 31 <sup>st</sup> March, 2013 (₹ in lac)	For the year ended 31 <sup>st</sup> March, 2012 (₹ in lac)
(i) Revenue from operations (gross)	23	501,236.00	467,504.88
Less : Excise duty		4,028.56	3,433.86
Revenue from operations (net)		497,207.44	464,071.02
(ii) Other income	24	4,900.74	5,792.82
(iii) Income from associates		154.56	807.67
(iv) <b>Total revenue (i) + (ii) + (iii)</b>		<b>502,262.74</b>	<b>470,671.51</b>
(v) <b>Expenses:</b>			
Cost of materials consumed	25	243,472.80	251,303.64
Purchases of stock-in-trade	26	635.22	83.45
Changes in inventories of finished goods, work-in-progress and stock-in-trade	27	(12,484.64)	13,745.92
Employee benefits expense	28	34,939.55	29,246.78
Finance costs	29	17,709.38	17,361.84
Depreciation and amortization	13	29,530.68	27,352.00
Other expenses	30	133,181.28	108,111.92
<b>Total Expenses</b>		<b>446,984.27</b>	<b>447,205.55</b>
(vi) <b>Profit before tax (iv) - (v)</b>		<b>55,278.47</b>	<b>23,465.96</b>
(vii) Less: Tax expense:			
- Current Tax		14,518.52	6,103.91
- Deferred tax		2,303.83	524.94
- Tax adjustments of earlier years		-	2.19
(viii) Profit for the period after tax but before Minority Interest (vi) - (vii)		<b>38,456.12</b>	<b>16,834.92</b>
(ix) Less : Minority Interest		2,817.82	2,698.63
Profit for the period after tax and Minority Interest (viii) - (ix)		<b>35,638.30</b>	<b>14,136.29</b>
<b>Earnings per equity share ( of ₹ 10/- each )</b>			
<b>Basic</b>		<b>57.00</b>	<b>22.61</b>
<b>Diluted</b>		<b>57.00</b>	<b>22.61</b>

See accompanying notes forming part of the financial statements

1- 45

As per our report of even date

For S.C. Vasudeva & Co.,  
Chartered Accountants  
Firm Regn. No.: 000235N

SANJIV MOHAN  
Partner  
(M.No. 86066)

KARAN KAMAL WALIA  
Company Secretary

RAJEEV THAPAR  
CGM (Finance,  
Accounts & Taxation)

For and on behalf of the Board of Directors

SACHIT JAIN  
Executive Director

S.P. OSWAL  
Chairman &  
Managing Director

PLACE : NEW DELHI  
DATED: 28th MAY, 2013

PLACE : GURGAON  
DATED: 28th MAY, 2013



# Consolidated Results of Vardhman Textiles Limited

## CONSOLIDATED CASH FLOW STATEMENT for the year ended 31<sup>st</sup> March, 2013

Particulars	For the year ended 31 <sup>st</sup> March, 2013 (₹ in lac)	For the year ended 31 <sup>st</sup> March, 2012 (₹ in lac)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before extraordinary items and tax	55,278.47	23,465.96
Adjustments for:		
Depreciation/amortisation	29,530.68	27,352.00
Interest expense	19,735.65	18,814.17
(Income) / Loss from associates	(154.56)	(807.67)
Interest income	(2,973.11)	(2,625.00)
Dividend income	(695.50)	(924.04)
(Profit)/Loss on sale of assets (Net)	(583.23)	(390.82)
(Profit)/Loss on sale of Investments (Net)	(744.64)	(957.36)
Provision no longer required written Back(Net)	(438.55)	(668.90)
Sundry balance written back	(106.80)	(410.98)
Excess income written off	49.14	145.87
Fixed assets written off	97.71	56.47
Provision for diminution in value of investments written back	(122.51)	(25.45)
Provision for doubtful debts	126.06	183.86
Bad debts written off	207.23	122.85
	<b>43,927.57</b>	<b>39,865.00</b>
Changes in working capital	<b>99,206.04</b>	<b>63,330.96</b>
Adjustments for:		
(Increase)/Decrease in trade and other receivables	(31,791.30)	4,757.27
(Increase)/Decrease in Inventories	(24,923.05)	30,244.42
Increase/(Decrease) in Trade Payables and other Liabilities	5,746.83	9,404.74
	<b>(50,967.52)</b>	<b>44,406.43</b>
Cash generation from operations	<b>48,238.52</b>	<b>107,737.39</b>
Net income tax paid	(14,954.69)	(5,728.40)
Net cash flow from/ (used in) operating activities	<b>33,283.83</b>	<b>102,008.99</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets and capital work in progress (including capital advances)	(50,248.55)	(42,335.52)
Proceeds from sale of Fixed Assets	1,181.06	1,099.05
Purchase of Investments	(27,992.47)	(42,996.10)
Sale of Investments	22,108.38	15,551.65
Interest Received	2,558.11	3,073.44
Dividend Received	695.50	924.04
Net Cash used in investing activities	<b>(51,697.97)</b>	<b>(64,683.44)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital, calls in arrears and buyback of share capital	(1,577.70)	-
Proceeds from Long Term Borrowings(Net)	14,383.73	17,021.93
Proceeds/ (Repayments) from/of Short Term Borrowings(Net)	27,277.94	(29,629.39)
Capital Subsidy Received	30.00	30.00
Dividend Paid (including taxes)	(4,071.83)	(4,099.33)
Interest Paid	(19,517.72)	(18,829.93)
Net Cash from Financing Activities	<b>16,524.42</b>	<b>(35,506.72)</b>
Net Increase/(Decrease) in cash and cash equivalents	<b>(1,889.72)</b>	<b>1,818.83</b>
Cash and cash equivalents at the beginning of the year	<b>8,387.76</b>	<b>7,062.57</b>
Cash and cash equivalents transferred pursuant to cessation of subsidiary relationship	-	493.64
Cash and cash equivalents at the end of the year	<b>6,498.04</b>	<b>8,387.76</b>
Bank balances not considered as cash and cash equivalents	<b>5,003.18</b>	<b>66.36</b>

See accompanying notes forming part of the financial statements

1- 45

As per our report of even date

For S.C. Vasudeva & Co.,  
Chartered Accountants  
Firm Regn. No.: 000235N

For and on behalf of the Board of Directors

SANJIV MOHAN  
Partner  
(M.No. 86066)

KARAN KAMAL WALIA  
Company Secretary

RAJEEV THAPAR  
CGM (Finance,  
Accounts & Taxation)

SACHIT JAIN  
Executive Director

S.P. OSWAL  
Chairman &  
Managing Director

PLACE : NEW DELHI  
DATED : 28th MAY, 2013

PLACE : GURGAON  
DATED : 28th MAY, 2013

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2013

### 1. CORPORATE INFORMATION:

Vardhman Textiles Limited (The Company) and its subsidiaries (Collectively referred to as the "Group") are engaged in manufacturing of Cotton yarn, Synthetic Yarn, Woven Fabric, Sewing Thread, Acrylic Fibre, Tow and Garments.

### 2. SIGNIFICANT ACCOUNTING POLICIES:

#### (a) Basis of preparation of consolidated financial statements:

The consolidated financial statements have been prepared on accrual basis under the historical cost convention in accordance with the applicable accounting standards referred to in section 211 (3C) of the Companies Act, 1956 and other relevant provisions of the said Act.

#### (b) Use of Estimates:

The preparation of consolidated financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amount of assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results materialise.

#### (c) Revenue Recognition:

##### (i) Sales:

Revenue from sale of goods is recognized:

- (a) When all the significant risks and rewards of ownership are transferred to the buyer and the seller retains no effective control of the goods transferred to a degree usually associated with ownership and
- (b) No significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

##### (ii) Export Incentives:

Revenue in respect of the export incentives is recognized on post export basis.

##### (iii) Interest:

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

##### (iv) Dividend:

Dividend is recognized as income when the right to receive the payment is established.

##### (v) Insurance and Other Claims:

Revenue in respect of claims is recognized when no significant uncertainty exists with regard to the amount to be realized and the ultimate collection thereof.

#### d) Employees Benefits:

##### (a) Short Term Employee Benefits:

Short Term Employee Benefits are recognized as an expense on an undiscounted basis in the statement of Profit and Loss of the year in which the related service is rendered.

##### (b) Post Employment Benefits:

##### (i) Defined Contribution Plans:

###### (1.1) Provident Fund:

The Employer's contribution to Provident Fund and Employees Pension Scheme, a defined contribution plan is made in accordance with the Provident Fund Act, 1952 read with the Employees Pension Scheme, 1995.

###### (1.2) Superannuation:

The liability in respect of eligible employees covered under the scheme is provided through a policy taken from Life Insurance Corporation of India by an approved trust formed for the purpose. The premium in respect of such policy is recognized as an expense in the period in which it falls due.

##### (ii) Defined Benefit Plans:

###### (1.1) Gratuity:

The Employees Gratuity Fund Scheme, managed by Employee's Group Gratuity Trust is a defined benefit plan. The liability for gratuity is provided on actuarial basis. The Present Value of the company's obligation is determined on the basis of actuarial valuation at the year end and the fair value of plan assets is reduced from the gross obligations under the gratuity scheme to recognize the obligation on a net basis.

##### (iii) Long Term Employee Benefits:

The liability for leave encashment and other compensated absences is recognized on the basis of actuarial valuation made at the end of the year.

#### (e) Fixed Assets:

- i. Fixed Assets are stated at historical cost less accumulated depreciation.
- ii. Cost of fixed assets comprises its purchase price and any attributable expenditure (both direct and indirect) for bringing the assets to its working conditions for its intended use.

#### (f) Intangible assets:

Intangible assets are stated at cost less accumulated amount of amortization.

#### (g) Depreciation:

- i) Depreciation on all assets except computers is provided on straight line method in accordance with and in the manner specified in Schedule XIV to the Companies Act, 1956. In case of computers, depreciation is charged on a systematic basis to each accounting period during the estimated useful life thereof.
- ii) Depreciation on assets costing ₹ 5,000/- or below is charged @ 100% per annum on proportionate basis.

#### (h) Amortization:

- i. Intangible assets are amortized on straight line method. These assets are amortized over their estimated useful life.
- ii. Right to use Power Lines is amortized on straight line method over their estimated useful life.

#### (i) Investments:

Long term Investments are carried at cost less provision for diminution, other than temporary, in the value of investment. Current investments are carried at lower of cost and fair value.

#### (j) Inventories:

Inventories are valued at cost or net realisable value, whichever is lower. The cost in respect of the various items of inventory is computed

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2013

as under:

- In case of raw materials at weighted average cost plus direct expenses.
  - In case of stores and spares at weighted average cost plus direct expenses.
  - In case of work in progress at raw material cost plus conversion cost depending upon the stage of completion.
  - In case of finished goods at raw material cost plus conversion costs, packing cost, excise duty (if applicable) and other overheads incurred to bring the goods to their present location and condition.
- (k) **Cenvat Credit:**  
Cenvat credit on excise duty paid inputs, capital assets and input services is taken in accordance with the Cenvat Credit Rules, 2004.
- (l) **Subsidy:**  
Government grants available to the Company are recognised when there is a reasonable assurance of compliance with the conditions attached to such grants and where benefits in respect thereof have been earned and it is reasonably certain that the ultimate collection will be made. Government subsidy in the nature of promoter's contribution is credited to Capital Reserve. Government subsidy received for specific asset is reduced from the cost of the said asset.
- (m) **Borrowing Costs:**  
Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.
- (n) **Operating Leases:**  
Assets acquired on leases wherein a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals paid for such leases are recognised as an expense on systematic basis over the term of lease.
- (o) **Foreign Currency Conversion:**
- (i) Foreign currency transactions are recorded on initial recognition in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
  - (ii) Foreign currency monetary items are reported using the closing rate. Exchange differences arising on the settlement of monetary items or on reporting the same at the closing rate as at the balance sheet date are recognised as income or expense in the period in which they arise.
  - (iii) The premium or discount arising at the inception of forward exchange contracts is amortised as an expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of Profit and Loss in the reporting period in which the exchange rate changes. Profit or loss arising on cancellation or renewal of such contracts is recognised as income or expense in the period in which such profit or loss arises.
  - (iv) The exchange difference to the extent of loss, arising on forward contracts and put and call derivative options to hedge the transactions in the nature of firm commitments and/or highly probable forecast transactions is recognised in the Statement of Profit and Loss, the profit, if any arising thereon is ignored.
  - (v) In respect of foreign branch, which is in the nature of integral foreign operations, all transactions (except fixed assets, monetary assets, monetary liabilities and depreciation on fixed assets) are translated at average monthly rates which approximates to the actual rates at the date of transaction. Branch monetary assets & liabilities are re-instated at the year-end rates. Fixed assets are translated as at the date of transaction. Depreciation is translated at the rates applied for translation of fixed assets.
- (p) **Accounting for Taxes on Income:**  
The accounting treatment followed for taxes on income is to provide for Current Tax and Deferred Tax. Current Tax is the aggregate amount of income-tax determined to be payable in respect of taxable income for a period. Deferred tax is the tax effect of timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- (q) **Earning per Share:**
- i) Basic earning per share is computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.
  - ii) Diluted earning per share is computed by taking into account weighted average number of equity shares outstanding during the period and the weighted average number of equity shares which would be issued on conversion of all the dilutive potential equity shares into equity shares.
- (r) **Impairment of Assets:**  
At each balance sheet an assessment is made whether any indication exists that an asset has been impaired. If any such indication exists, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in the books of account.  
Goodwill arising on consolidation is not amortised, but it is reviewed for impairment at the end of each accounting year, if the events or changes in the circumstances indicate that carrying value may be impaired.
- (s) **Cash flow statement:**  
The cash flow statement has been in accordance with the Accounting Standard (AS) – 3 on “Cash flow statements” issued by the Companies (Accounting Standard) Rules, 2006.
- (t) **Provisions and Contingent Liabilities:**
- i) Provision is recognized (for liabilities that can be measured by using a substantial degree of estimation) when:
    - a) the company has a present obligation as a result of a past event;
    - b) a probable outflow of resources embodying economic benefits is expected to settle the obligation; and
    - c) the amount of the obligation can be reliably estimated
  - ii) Contingent liability is disclosed in case there is :
    - a) possible obligation that arises from past events and existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise; or
    - b) a present obligation arising from past events but is not recognised
      - (i) when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
      - (ii) a reliable estimate of the amount of the obligation cannot be made.

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2013

### 3. Share capital

Particulars	As at 31 <sup>st</sup> March, 2013		As at 31 <sup>st</sup> March, 2012	
	Number (in lac)	(₹ in lac)	Number (in lac)	(₹ in lac)
<b>Authorised</b>				
Equity shares of ₹10/- each (Par Value)	900.00	9,000.00	900.00	9,000.00
Redeemable cumulative preference shares of ₹10/- each	100.00	1,000.00	100.00	1,000.00
	<u>1,000.00</u>	<u>10,000.00</u>	<u>1,000.00</u>	<u>10,000.00</u>
<b>Issued, subscribed and fully paid-up</b>				
Equity shares of ₹10/- each (Par value)	625.18	6,251.79	625.18	6,251.79
<b>Total</b>	<u>625.18</u>	<u>6,251.79</u>	<u>625.18</u>	<u>6,251.79</u>

#### a. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

Equity shares	As at 31 <sup>st</sup> March, 2013		As at 31 <sup>st</sup> March, 2012	
	Number (in lac)	(₹ in lac)	Number (in lac)	(₹ in lac)
At the beginning of the reporting period	625.18	6,251.79	625.18	6,251.79
Add: Issued during the reporting period	-	-	-	-
Outstanding at the end of the reporting period	<u>625.18</u>	<u>6,251.79</u>	<u>625.18</u>	<u>6,251.79</u>

#### b. Rights, preferences and restrictions attached to equity shares

The company has one class of equity shares having a par value of ₹ 10/- each. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The rate of dividend for redeemable cumulative preference shares is decided by the Board of Directors as and when issued.

#### c. Shares held by holding Company or its ultimate holding Company or subsidiaries or associates of the holding Company or the ultimate holding Company in aggregate.

There is no holding /ultimate holding Company of the Company.

#### d. Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of five years immediately preceding the reporting date.

Particulars	Aggregate number of shares as at 31 <sup>st</sup> March, 2013 (in lac)	Aggregate number of shares as at 31 <sup>st</sup> March, 2012 (in lac)
Equity shares allotted as fully paid up by way of bonus shares	-	-
Equity shares allotted as fully paid up pursuant to contract (s) without payment being received in cash	-	-
Equity Shares bought back by the Company	-	-



# Consolidated Results of Vardhman Textiles Limited

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2013

### e. Detail of shareholders holding more than 5% shares in the Company

Class of shares and Name of shareholder Equity shares of ₹10/- each fully paid	As at 31 <sup>st</sup> March, 2013		As at 31 <sup>st</sup> March, 2012	
	Number (in Lac)	% shareholding	Number (in Lac)	% shareholding
Devakar Investment and Trading Company Private Limited	55.41	8.70	55.41	8.70
Adinath Investment and Trading Company	128.42	20.18	126.13	19.80
Vardhman Holdings Limited	154.03	24.20	154.03	24.20

### f. Terms of securities convertible into equity/preference shares

N.A.

## 4. Reserves and surplus

Particulars	As at 31 <sup>st</sup> March, 2013 (₹ in lac)		As at 31 <sup>st</sup> March, 2012 (₹ in lac)	
<b>Capital Reserve*</b>				
Balance as per the last financial statements	315.00		285.00	
Add: Received during the year	30.00	345.00	30.00	315.00
<b>Capital Redemption Reserve</b>				
Balance as per the last financial statements	600.00		600.00	
Add: Transferred from surplus in statement of Profit & Loss	1,390.62	1,990.62	-	600.00
<b>Securities Premium Account</b>				
Balance as per the last financial statements		20,990.54		20,990.54
<b>Statutory Reserve u/s 45-IC of RBI Act, 1934</b>				
Balance as per the last financial statements	150.20	-	-	-
Add: Amount transferred from surplus in statement of Profit & Loss				
- for Current year	-		115.20	
- for earlier year	41.50	191.70	35.00	150.20
<b>General Reserve</b>				
Balance as per the last financial statements	151,933.97		165,197.63	
Less: Transferred pursuant to cessation of subsidiary relationship	-		15,163.66	
Add: Transferred from surplus	4,100.00	156,033.97	1,900.00	151,933.97
<b>Surplus i.e. balance in the statement of Profit and Loss</b>				
Balance as per the last financial statements	40,423.80		33,092.05	
Add: Corporate Dividend Tax Written Back	120.79		138.02	
Add: Profit for the year transferred from Statement of Profit and Loss	35,638.30		14,136.29	
Less: Transferred pursuant to cessation of subsidiary relationship	-		714.81	
Less: Premium on buy back of shares	187.08		-	
Less: Transfer to capital redemption reserve (refer note- 34)	1,390.62		-	
Less: Appropriations				
- Proposed equity dividend	4,644.30		3,483.39	
- Tax on dividend	974.89		694.16	
- Amount transferred to Statutory Reserve u/s 45-IC of RBI Act, 1934	41.50		150.20	
- Transferred to General Reserve	4,100.00		1,900.00	
<b>Closing Balance</b>		64,844.50		40,423.80
<b>Total</b>		244,396.33		214,413.51

\* The capital reserve consists of capital subsidy received on account of government grant from respective state governments treated as promoter contribution for setting up of new industrial projects.

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2013

### 5. Long-term borrowings

Particulars	As at 31 <sup>st</sup> March, 2013 (₹ in lac)		As at 31 <sup>st</sup> March, 2012 (₹ in lac)	
Term Loan (Secured) :				
- From banks	239,567.45		225,181.82	
Less: Current maturities of long term debts (refer note-11)	29,612.42	209,955.03	20,824.93	204,356.89
<b>Total</b>		<b>209,955.03</b>		<b>204,356.89</b>

#### a) Details of security for term loans

Term loans from banks are secured by mortgage created or to be created on all the immovable assets of the Company, both present and future and hypothecation of all movable assets including movable machinery, machinery parts, tools and accessories and other movable both present and future (except book debts), subject to charges created or to be created in favour of the bankers for securing the working capital limits.

#### b) Terms of repayment of term loans\*

As at 31 <sup>st</sup> March, 2013 (₹ in lac)	As at 31 <sup>st</sup> March, 2012 (₹ in lac)	Repayment Period (years)	Installments outstanding as on 31 <sup>st</sup> March, 2013	
			No.	Periodicity
-	1,439.31	8	-	Quarterly
-	118.98	4	-	Quarterly
205.03	900.80	8	1	Quarterly
81.11	355.70	5	1	Quarterly
16,429.74	18,622.32	8	9	Quarterly
5,056.80	6,053.66	8	11	Quarterly
1,342.61	1,631.34	7	11	Quarterly
11,385.00	12,925.00	8	12	Quarterly
60,814.56	67,398.31	8	13	Quarterly
14,252.90	15,841.40	8	14	Quarterly
15,025.00	16,700.00	8	15	Quarterly
3,108.00	3,440.00	8	16	Quarterly
16,300.00	17,700.00	8	17	Quarterly
41,111.70	11,050.00	5	20	Quarterly
8,800.00	6,050.00	5	20	Quarterly
3,970.00	4,130.00	8	25	Quarterly
2,725.00	3,025.00	8	25	Monthly
13,900.00	14,700.00	8	26	Quarterly
25,060.00	23,100.00	8	28	Quarterly
<b>239,567.45</b>	<b>225,181.82</b>			

\* Figures of term loans stated above in para (b) includes current maturities of long term debt shown separately in note 11



# Consolidated Results of Vardhman Textiles Limited

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2013

### 6. Deferred tax liabilities (net)

Particulars	As at 31 <sup>st</sup> March, 2013 (₹ in lac)	As at 31 <sup>st</sup> March, 2012 (₹ in lac)
<b>Deferred tax Liabilities</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting period	26,680.39	24,298.70
Gross deferred tax liability	<u>26,680.39</u>	<u>24,298.70</u>
<b>Deferred tax Assets</b>		
Impact of expenditure charged to the Statement of Profit & Loss in the current year but allowed for tax purposes on payment basis	1,159.67	1,081.80
Gross deferred tax asset	<u>1,159.67</u>	<u>1,081.80</u>
Deferred tax liability (net)	<u>25,520.72</u>	<u>23,216.90</u>

### 7. Other long-term liabilities

Other liabilities		
Retention money	71.60	12.43
Security payable	0.52	7.90
Employee deposits	48.20	81.15
Others	935.55	177.14
<b>Total</b>	<u>1,055.87</u>	<u>278.62</u>

### 8. Long-term provisions

Provision for employee benefits :		
- Leave encashment	602.92	512.24
<b>Total</b>	<u>602.92</u>	<u>512.24</u>

### 9. Short-term borrowings

Working Capital Loans :		
- From banks (Secured)	77,653.18	48,575.74
Loans repayable on demand		
- From related parties (Unsecured)	147.80	1,947.30
<b>Total</b>	<u>77,800.98</u>	<u>50,523.04</u>

#### Details of security for Working capital borrowings

Working capital borrowings from banks are secured by way of hypothecation of entire present and future tangible current assets of the Company as well as a second charge on the entire present and future fixed assets of the Company.

#### Terms:

- From banks carries interest @ 9.70% to 12.50% p.a. (Previous year 12.25% to 13.25% p.a.)
- From related parties carries interest @ 9.50% to 10% p.a. (Previous year 9.25% to 10% p.a.)

# Consolidated Results of Vardhman Textiles Limited



## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2013

### 10. Trade payables

Particulars	As at 31 <sup>st</sup> March, 2013 (₹ in lac)	As at 31 <sup>st</sup> March, 2012 (₹ in lac)
Trade payables		
- Dues to others	<b>8,383.88</b>	11,623.87
<b>Total</b>	<b>8,383.88</b>	<b>11,623.87</b>

### 11. Other current liabilities

Current maturities of long-term debt* (refer note 5b)	<b>29,612.42</b>	20,826.83
Interest accrued but not due on borrowings	<b>497.88</b>	279.96
Rent received in advance	<b>8.00</b>	10.00
Unpaid dividends#	<b>109.86</b>	124.93
Other payables		
- Statutory remittances**	<b>2,705.92</b>	1,941.51
- Retention money	<b>881.20</b>	704.07
- Security deposits	<b>129.21</b>	175.66
- Expense payable	<b>13,646.86</b>	10,227.91
- Creditors for Fixed assets	<b>5,784.43</b>	2,295.80
- Trade Deposits and Advance from customers	<b>5,723.83</b>	6,954.05
- Employees related payable	<b>3,378.11</b>	2,749.29
- Other payables	<b>451.31</b>	285.12
<b>Total</b>	<b>62,929.03</b>	<b>46,575.13</b>

\* Current maturities of Long-term debt includes deposits from public amounting to ₹ Nil (Previous Year : ₹ 1.90 lac)

\*\* Statutory remittances includes contribution to Provident Fund and ESIC, tax deducted at source, excise duty, vat, service tax etc.

# Unpaid dividends do not include any amount due and outstanding required to be credited to the Investors' Education and Protection Fund

### 12. Short-term provisions

Provision for employee benefits:		
- Leave encashment (current)	<b>90.49</b>	98.85
- Gratuity	<b>666.03</b>	449.59
Other:		
Provision for proposed dividend on equity shares	<b>4,695.31</b>	3,534.40
Provision for tax on proposed dividend	<b>974.89</b>	694.16
<b>Total</b>	<b>6,426.72</b>	<b>4,777.00</b>

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2013

### 13. FIXED ASSETS

Particulars	Original Cost				Depreciation and Amortization				Net Block			
	Balance as at 1st April, 2012	Transferred pursuant to cessation of subsidiary relationship	Additions	Disposal	Other adjustments	Balance as at 31st March, 2013	Balance as at 1st April, 2012	Transferred pursuant to cessation of subsidiary relationship	Eliminated on disposal of assets	Other adjustments	Balance as at 31st March, 2013	Balance as at 31st March, 2012
<b>Tangible Assets:</b>												
Free-hold Land	9,822.75	-	-	-	(21.11)	9,843.86	-	-	-	-	9,843.86	9,822.75
Leasehold Land	2,374.44	-	-	-	3.18	2,374.44	240.07	-	-	(0.02)	2,110.34	2,134.37
Buildings	76,252.50	-	5,288.66	11.22	3.18	81,526.76#	13,696.06	-	2.53	0.46	65,847.55	62,556.44
Plant and Equipment	367,583.56	-	35,811.17	2,769.64	1,276.82	399,348.27	188,832.99	-	2,543.45	908.05	187,224.56	178,750.57
Furniture and Fixtures	1,885.89	-	223.79	14.00	23.85	2,071.83	1,128.05	-	10.83	23.22	843.86	757.84
Vehicles	1,219.56	-	314.68	147.75	-	1,386.49	442.27	-	88.64	-	920.65	777.29
Office equipment	2,435.29	-	456.20	87.89	115.02	2,688.58	1,554.54	-	63.79	91.76	1,112.90	880.75
<b>Total (A)</b>	<b>461,573.99</b>	-	<b>42,094.50</b>	<b>3,030.50</b>	<b>1,397.76</b>	<b>499,240.23</b>	<b>205,893.98</b>	-	<b>29,175.24</b>	<b>1,023.47</b>	<b>267,903.72</b>	<b>255,680.01</b>
<b>Intangible Assets:</b>												
Computer Softwares	362.30	-	733.09	-	-	1,095.39	280.80	-	46.60	-	767.99	81.50
Right to use Power lines	1,081.58	-	7.51	-	-	1,089.09	1,041.24	-	26.37	-	1,067.61	40.34
Brand Value	2,824.71	-	-	-	-	2,824.71	1,129.89	-	282.47	-	1,412.36	1,694.82
<b>Total (B)</b>	<b>4,268.59</b>	-	<b>740.60</b>	-	-	<b>5,009.19</b>	<b>2,451.93</b>	-	<b>355.44</b>	-	<b>2,807.37</b>	<b>1,816.66</b>
<b>Grand Total (A+B)</b>	<b>465,842.58</b>	-	<b>42,835.10</b>	<b>3,030.50</b>	<b>1,397.76</b>	<b>504,249.42</b>	<b>208,345.91</b>	-	<b>29,530.68</b>	<b>1,023.47</b>	<b>270,105.54</b>	<b>257,496.67</b>
Previous Year	441,557.19	5,541.11	35,413.54	2,216.47	370.57	465,842.58	188,148.04	5,331.80	27,352.00	1,803.53	208,345.91	257,496.67

#### Notes:

- # Includes ₹248.20 lac (Previous Year ₹248.20 lac) cost of Residential flats at Mandideep, the land cost of which has not been excluded from this cost. The depreciation for the year has been taken on the entire cost of ₹248.20 lac (Previous Year ₹248.20 lac).
- \*\* Represents proportionate premium for acquisition of leasehold land being amortized over the period of lease.
- Freehold land includes ₹417.59 lac (Previous Year ₹417.59 lac) for the cost of land at Baddli, (Himachal Pradesh) for which title deeds are yet to be executed in favour of the Company, though the possession thereof has been taken by the company.
- Plant and Equipment amounting to ₹535.25 lac (Previous Year ₹ Nil) and Building amounting to ₹54.55 lac (Previous Year ₹ Nil) has been adjusted for the amounts allocated out of Project and Pre-operative incomes (refer note-42).
- Borrowing cost amounting to ₹680.59 lac (Previous Year ₹ Nil) has been capitalised during the year.
- Depreciation for the year includes net depreciation of (-) 214.89 lac (Previous Year ₹ (-) 101.35 lac) pertaining to earlier years.

# Consolidated Results of Vardhman Textiles Limited



## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2013

### 14. Non-current investments (Long term investments)

Particulars	As at 31 <sup>st</sup> March, 2013 (₹ in lac)	As at 31 <sup>st</sup> March, 2012 (₹ in lac)
<b>I TRADE INVESTMENTS (at cost)</b>		
<b>a. Investment in Equity instruments</b>		
<b>(i) In Associates (Unquoted)</b>		
- 3,00,000 (Previous Year 3,00,000) Equity Shares of ₹10/- each fully paid-up of Vardhman Textile Components Limited Less: goodwill arising on acquisition of shares in associates	30.00 0.70 51.89	30.00 0.70 49.11
Add: Accumulated profit from Associate Company	81.19	78.41
- 25,000 (Previous Year 25,000) Equity Shares of ₹10/- each fully paid-up of Vardhman Spinning and General Mills Limited (formerly known as Vardhman Linen Limited) Add: Capital Reserve arising on acquisition of shares in associate	2.50 0.42 4.24	2.50 0.42 4.58
Add: Accumulated profit from Associate Company	7.16	7.50
- Nil (Previous Year 58,25,000 Equity Shares of ₹10/- each fully paid up of Vardhman Special Steels Limited Add: Accumulated profit from Associate Company	- -	582.50 807.22
<b>(ii) In Associates (Quoted) (Previous year Unquoted)</b>		
- 58,25,000 (Previous Year: Nil) Equity Shares of ₹10/- each fully paid up of Vardhman Special Steels Limited Add: Accumulated profit from Associate Company	582.50 959.33	- -
<b>(iii) In Others (Unquoted)</b>		
- 12,750 (Previous Year 12,750 ) equity shares of ₹ 1,000/- each fully paid-up of Perundurair Common Effluent Treatment Plant (a Section 25 Company)	127.50	127.50
<b>II OTHER INVESTMENTS (at cost)</b>		
<b>a. Investment in Equity Instruments (Unquoted)</b>		
- 4,495 (Previous Year: 4,495) Equity shares of ₹10/- each fully paid-up of Srestha Holdings Ltd.,80 (Previous Year 80) shares of ₹ 50/- each fully paid-up in the Valencia Co-operative Housing Society Limited, Mumbai and 5 (Previous Year: 5) shares of Dalamal House Commercial Complex Society Ltd,Mumbai	0.45 4.10 14.06	0.45 4.10 14.06
- 41,000 (Previous Year: 41,000 ) Equity-Shares of ₹10/- each fully paid-up of Shivalik Solid Waste Management Limited (Section 25 Company)	4.10	4.10
- 1,40,625 (Previous Year: 1,40,625) Equity Shares of ₹10/- each fully paid-up of Nimbua Greenfield (Punjab) Limited	14.06	14.06
- 1,647,525 (Previous Year 1,647,525) Equity Shares of Bharuch Eco-Aqua Infrastructure Ltd. ₹ 10/- each fully paid up	164.75	164.75
<b>b. Investment in Government or trust securities</b>		
National savings certificates (pledged with sales tax authorities)	-	0.10
<b>c. Investment in mutual funds (quoted)</b>		
<b>Fixed maturity plans/Debt Funds</b>		
- Nil (Previous Year: 25,000,000) Units of ₹10/- each of Kotak FMP series 84- Growth \$	-	2,500.00
- Nil (Previous Year: 25,000,000) Units of ₹10/- each of Kotak FMP series 82- Growth \$	-	2,500.00
- Nil (Previous Year: 25,000,000) Units of ₹10/- each of ICICI Prudential FMP series 63 \$	-	2,500.00
- Nil (Previous Year: 15,000,000) Units of ₹10/- each of UTI fixed maturity plan-Yearly FMP series : Institutional growth \$	-	1,500.00



# Consolidated Results of Vardhman Textiles Limited

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2013

Particulars	As at 31 <sup>st</sup> March, 2013 (₹ in lac)	As at 31 <sup>st</sup> March, 2012 (₹ in lac)
- Nil (Previous Year: 11,008,200) Units of ₹10/- each of UTI fixed maturity plan-Yearly FMP series : YFMP (03/12)- Growth plan \$	-	1,100.82
- Nil (Previous Year: 25,000,000) Units of ₹10/- each of SBI Debt Fund Series-13 months-Growth \$	-	2,500.00
- Nil (Previous Year 25,000,000) Units of ₹ 10/- each of Birla Sun Life Fixed Term Plan Series - Growth \$	-	2,500.00
- Nil (Previous Year 15,000,000) Units of ₹ 10/- each of HDFC Fixed Maturity Plan 400 days - Growth Series - XXI \$	-	1,500.00
- Nil (Previous Year 20,000,000) Units of ₹ 10/- each of SBI Mutual Fund SDFS 13 months -13 - Growth \$	-	2,000.00
- Nil (Previous Year 11,013,700) Units of ₹ 10/- each of SBI Mutual Fund SDFS 13 months -12 - Growth \$	-	1,101.37
- Nil (Previous Year 20,000,000) units of ₹ 10/- each of SBI debt fund series - 13 months - Growth \$	-	2,000.00
- Nil (Previous Year 10,000,000) units of ₹ 10/- each of SBI debt fund series 13 Months - 12 - Growth \$	-	1,000.00
- Nil (Previous Year 20,000,000) units of ₹ 10/- each of HDFC FMP 400D March 2012 \$	-	2,000.00
- 75,000,000 (Previous Year: Nil) Units of ₹ 10/- each of UTI Fixed Term Income fund series XIV-VIII - 371 days - Growth Plan	<b>7,500.00</b>	-
- 50,000 (Previous Year Nil) units of ₹ 1,000 each of 8.30 % NHAI Tax Free Bonds	<b>511.03</b>	-
- 10,000,000 (Previous Year Nil) Units of ₹ 10/- each of Birla Sun Life FMP series GY	<b>1,000.00</b>	-
<b>Total</b>	<b>10,952.07</b>	<b>26,488.78</b>
1. Aggregate amount of Quoted Investments	<b>10,552.85</b>	24,702.19
2. Aggregate Market value of quoted investments	<b>10,613.67</b>	33,126.16
3. Aggregate amount of Unquoted Investments	<b>399.22</b>	1,786.59
4. Aggregate provision for diminution in value of Investments	-	-

\$ Non current investments having maturity period less than 12 months as on date of balance sheet have been shown under the head current investments as per the requirement of Guidance Note on the Revised Schedule VI to the Companies Act, 1956 issued by "The Institute of Chartered Accountants of India".

### 15. Long-term loans and advances

(unsecured, considered good)

Capital advances	<b>8,612.33</b>	4,033.05
Security deposits	<b>1,659.89</b>	1,517.55
Other loans and advances		
- Loans to employees	<b>133.20</b>	88.73
- Prepaid expenses	<b>33.89</b>	83.01
- Other recoverable	<b>572.21</b>	505.79
- Advance income-tax {net of provision for tax ₹ 79,884.62 lac (Previous year ₹ 65,332.21 lac)}	<b>2,356.91</b>	1,920.74
- Balance with government authorities	<b>1,326.90</b>	1,057.01
<b>Total</b>	<b>14,695.33</b>	<b>9,205.88</b>

### 16. Other non-current assets

(unsecured considered good)

- Fixed Deposits with banks with maturity after twelve months	<b>5,003.18</b>	66.36
<b>Total</b>	<b>5,003.18</b>	<b>66.36</b>

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2013

### 17. Current investments (valued at lower of cost and fair value)

Particulars	As at 31 <sup>st</sup> March, 2013 (₹ in lac)	As at 31 <sup>st</sup> March, 2012 (₹ in lac)
<b>Investment in Equity instruments of other entities (Quoted)</b>		
- Nil (Previous Year: 1,69,120) Equity shares of ₹10/- each fully paid up of Industrial Development Bank of India Limited	-	89.32
- Nil (Previous Year 40,009) Equity Shares of ₹ 10/- each fully paid up of Coal India Limited	-	98.02
- Nil (Previous Year: 11,640) Equity shares of ₹10/- each fully paid up of Moil Limited	-	43.65
Less : Provision for diminution in value of Investments	-	14.47
	-	216.52
<b>Investment in Mutual Funds (Quoted)</b>		
- Nil (Previous Year: 5,000,000) Units of ₹10/- each of SBI Debt Fund Series-180 Days-11 Dividend	-	500.00
- 20,000,000 (Previous Year: Nil) Units of ₹10/- each of SBI Debt Fund Series-366 Days 25-Dir. Growth	2,000.00	-
- 50,000,000 (Previous Year: Nil) Units of ₹10/- each of SBI Debt Fund Series-366 Days 25-Reg. Growth	5,000.00	-
- 25,000,000 (Previous Year: Nil) Units of ₹10/- each of Kotak FMP series 84- Growth #	2,500.00	-
- 25,000,000 (Previous Year: Nil) Units of ₹10/- each of Kotak FMP series 82- Growth #	2,500.00	-
- 25,000,000 (Previous Year: Nil) Units of ₹10/- each of ICICI Prudential FMP series 63 #	2,500.00	-
- 15,000,000 (Previous Year: Nil) Units of ₹10/- each of UTI fixed maturity plan-Yearly FMP series : Institutional growth#	1,500.00	-
- 11,008,200 (Previous Year: Nil) Units of ₹10/- each of UTI fixed maturity plan-Yearly FMP series : YFMP (03/12)-Growth plan#	1,100.82	-
- 25,000,000 (Previous Year: Nil) Units of ₹10/- each of SBI Debt Fund Series-13 months-Growth #	2,500.00	-
- 24,551,204 (Previous Year: Nil) Units of ₹10/- each of DWS Premier Bond Fund - Premium Plus Plan - Growth	2,500.00	-
- 15,200,687 (Previous Year: Nil) Units of ₹10/- each of ICICI Income Opportunities Inst.Growth	3,000.00	-
- 3,426,398 (Previous Year: Nil) Units of ₹10/- each of Reliance Income Fund-Growth Plan-Bonus option	375.00	-
- 249,983 (Previous Year Nil) Units of ₹1000.07 /- each of Principal Cash Management Fund - Direct Plan Dividend option Daily-Reinvestment	2,502.03	-
- 13,874,506 (Previous Year Nil) Units of ₹13.1240 /- each of ICICI Prudential Income Opportunities Fund Institutional Growth	2,100.00	-
- 25,000,000 (Previous Year Nil) Units of ₹10/- each of Birla Sun Life Fixed Term Plan Series - Growth #	2,500.00	-
- 15,000,000 (Previous Year Nil) Units of ₹10/- each of HDFC Fixed Maturity Plan 400 days - Growth Series - XXI #	1,500.00	-
- 20,000,000 (Previous Year Nil) - Units of ₹10/- each of SBI Mutual Fund SDFS 13 months -13 - (Growth) #	2,000.00	-
- 11,013,700 (Previous Year Nil) Units of ₹10/- each of SBI Mutual Fund SDFS 13 months -12 - Growth #	1,101.37	-
- 20,000,000 (Previous Year Nil) units of ₹10/- each of HDFC FMP 400D March 2012 #	2,000.00	-
	39,179.22	500.00



# Consolidated Results of Vardhman Textiles Limited

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2013

Particulars	As at 31 <sup>st</sup> March, 2013 (₹ in lac)		As at 31 <sup>st</sup> March, 2012 (₹ in lac)	
<b>Investment in Debentures or Bonds (quoted)</b>				
- Nil (Previous Year: 1,000,000) 9.75% Debentures of ₹100/- each of Trent Ltd.	-		1,016.09	
Less : Provision for diminution in value of Investments	-		13.84	1,002.25
- 50 (Previous Year: 50) 12.95% Non Convertible Debentures of ₹1,000,000/- each of Cholamandalam Investments & Finance Company Limited	500.35		500.35	
	4.67	495.68	-	500.35
- Nil (Previous Year: 200) Units of ₹1,000,000/- each of 9.90% Perpetual Bonds of Yes Bank	-		2,000.00	
Less : Provision for diminution in value of Investments	-		48.00	1,952.00
- 500,000 (Previous Year: 500,000) 9.60% Non Convertible Debentures of Ballarpur Industries Ltd of ₹100/- each	507.83		507.83	
Less : Provision for diminution in value of Investments	7.13	500.70	16.93	490.90
		996.38		3,945.50
<b>Investment in Mutual Funds (unquoted)</b>				
<b>Liquid Funds</b>				
- Nil (Previous Year: 1,000,000) Units of ₹1,000/- each of SBI Liquid Mutual Fund	-		-	10,004.47
- Nil (Previous Year: 2,000,095) Units of ₹100/- each of Birla Sun Life floating rate fund	-		-	2,000.50
- 116,259 (Previous Year 498,603) Units of ₹1,003.25 each of SBI PLF - daily dividend		1,166.37		5,002.23
		1,166.37		17,007.20
<b>Investment in debentures or Bonds (unquoted)</b>				
- Nil (Previous Year: 20) Redeemable Debentures of ₹ 1,000,000/- each of Sky Deck Properties and Developers Private Limited			204.52	
Less : Provision for diminution in value of Investments			13.99	190.53
- 7,360 (Previous Year 7,360) 8.25 % Zero Coupon Bonds of ₹ 13,578 each of Rural Electrification Corporation of India Limited		999.34		999.34
- Nil (Previous Year: 25) Redeemable Non-Convertible Debentures of ₹1,000,000/- each of Barclays Investments & Loans (India) Ltd				250.00
		999.34		1,439.87
<b>Investments under Portfolio management services</b>				
<b>Equity Shares (quoted)</b>				
- Nil (Previous Year 7931) Equity Shares of ₹ 1/- each fully paid up of Zee Entertainment Enterprises Ltd.				6.31
- Nil (Previous Year 2,879) Equity Shares of ₹ 10/- each fully paid up of Hindustan Petroleum Corporation Ltd.			10.72	
Less : Provision for diminution in value of Investments			1.98	8.74
- Nil (Previous Year 1,643) Equity Shares of ₹10/- each fully paid up of Wyeth Ltd.				13.60

# Consolidated Results of Vardhman Textiles Limited



## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2013

Particulars	As at 31 <sup>st</sup> March, 2013 (₹ in lac)	As at 31 <sup>st</sup> March, 2012 (₹ in lac)
- Nil (Previous Year 4,402 ) Equity Shares of ₹ 2/- each fully paid up of Cipla Ltd.	-	13.80
Less : Provision for diminution in value of Investments	-	<u>0.37</u>
- Nil (Previous Year 6,529) Equity Shares of ₹10/- each fully paid up of Tata Communications Ltd.	-	16.09
Less : Provision for diminution in value of Investments	-	<u>1.34</u>
- Nil (Previous Year 37,579) Equity Shares of ₹ 5/- each fully paid up of Television 18 India Ltd.	-	17.62
Less : Provision for diminution in value of Investments	-	<u>7.27</u>
- Nil (Previous Year 8,267) Equity Shares of ₹1/- each fully paid up of Jubilant Life Sciences Ltd.	-	18.97
Less : Provision for diminution in value of Investments	-	<u>2.46</u>
- Nil (Previous Year 21,458) Equity Shares of ₹ 1/- each fully paid up of Sundram Fasteners Ltd.	-	10.91
- Nil (Previous Year 5,455) Equity Shares of ₹ 2/- each fully paid up of Jagran Parkashan Ltd.	-	5.08
- Nil (Previous Year 1,01,087) Equity Shares of ₹1/- each fully paid up of Rico Auto Industries Ltd.	-	19.20
Less : Provision for diminution in value of Investments	-	<u>8.99</u>
- Nil (Previous Year 19,992) Equity Shares of ₹1/- each fully paid up of Orient Paper and Industries Ltd.	-	11.75
Less : Provision for diminution in value of Investments	-	-
- Nil (Previous Year 4,919) Equity Shares of ₹10/- each fully paid up of Hikal Ltd.	-	16.91
Less : Provision for diminution in value of Investments	-	<u>3.54</u>
- Nil (Previous Year 1,796) Equity Shares of ₹10/- each fully paid up of Gujarat State Fertilizers & Chemicals Limited	-	6.96
	-	<u>141.96</u>
<b>Investment in debentures or Bonds (quoted)</b>		
- Nil (Previous Year 50,000) Units of ₹100/- each of 10.75% DPSC Bonds	-	53.30
- 50 (Previous Year 50) Redeemable Non-Convertible Debentures of ₹100,000/- each of India Infoline Services Limited.	<b>50.00</b>	50.00
Less : Provision for diminution in value of Investments	-	<u>1.12</u>
- Nil (Previous Year 10) Debentures of ₹1,000,000/- each of Barclays Investments DS 134 160%	-	100.00
- 10,875 (Previous Year 10,875) 8% Bonds of ₹1,000/- each of Indian Railway Finance Corporation Ltd (IRFCL)	<b>108.75</b>	108.75
- 10,875 (Previous Year 10,875 ) 8% Bonds of ₹ 1,000/- each of IRFCL	<b>108.75</b>	108.75
- Nil (Previous Year 10,000,000) 12.15% Secured Redeemable Non- convertible Debentures of ₹1,000/- each of Religare Finvest Limited	-	1,000.00



# Consolidated Results of Vardhman Textiles Limited

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2013

Particulars	As at 31 <sup>st</sup> March, 2013 (₹ in lac)	As at 31 <sup>st</sup> March, 2012 (₹ in lac)
<b>Investment in Liquid Funds / Debt Funds/ Monthly Income Plans (Unquoted)</b>		
- 5,344,368 (Previous Year Nil) Units of ₹ 10/- each of ICICI Income Opportunity Fund	700.00	-
- 516,340 (Previous Year Nil) Units of ₹ 10/- each of SBI Magnum Income Fund	150.00	-
- 21,587 (Previous Year Nil) Units of ₹ 1,000/- each of SBI Premier liquid Fund-Direct Plan Daily Dividend	216.41	-
- 13,900 (Previous Year 100) Units of ₹ 1,000/- each of Morgan Stanley Liquid Fund- daily dividend	139.00	1.00
- 29,961 (Previous Year Nil) units of ₹ 1,001.29 each of SBI USTDF - daily dividend	300.00	-
- 20,000,000 (Previous Year Nil) units of ₹ 10/- each of SBI debt fund series - 13 Months - Growth #	2,000.00	-
- 10,000,000 (Previous Year Nil) units of ₹ 10/- each of SBI debt fund series - 13 Months - 12 - Growth #	1,000.00	-
<b>Total</b>	<b>4,772.91</b>	<b>1,420.68</b>
<b>Grand Total</b>	<b>47,114.22</b>	<b>24,671.73</b>
1. Aggregate amount of Quoted Investments	40,187.40	6,235.22
2. Aggregate Market value of quoted investments	44,866.02	5,642.89
3. Aggregate amount of Unquoted Investments	6,938.62	18,570.81
4. Aggregate provision for diminution in value of Investments	11.80	134.30

# Non current investments having maturity period less than 12 months as on date of balance sheet have been shown under the head current investments as per the requirement of Guidance Note on the Revised Schedule VI to the Companies Act, 1956 issued by "The Institute of Chartered Accountants of India".

### 18. Inventories

(at cost or net realisable value, whichever is lower)

Raw materials (includes in transit ₹ 3,859.97 lac (Previous Year ₹ 1,560.73 lac)	114,199.15	102,030.20
Less: Unrealised profit on consolidation	(329.35)	(99.50)
Work-in-Progress	17,076.47	12,165.01
Less: Unrealised profit on consolidation	(21.04)	(9.48)
Finished Goods (includes in transit ₹ 96.58 lac) (Previous Year ₹ Nil)	37,414.79	30,265.55
Less: Unrealised profit on consolidation	(117.67)	(63.51)
Stores and Spares (includes in transit ₹ 1,237.75 lac (Previous Year ₹ 755.75 lac)	10,177.29	9,188.32
<b>Total</b>	<b>178,399.65</b>	<b>153,476.59</b>

# Consolidated Results of Vardhman Textiles Limited



## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2013

### 19 Trade receivables

Particulars	As at 31 <sup>st</sup> March, 2013 (₹ in lac)	As at 31 <sup>st</sup> March, 2012 (₹ in lac)
Debts outstanding for a period exceeding six months from due date of payment		
- Unsecured, considered good unless otherwise stated	705.10	657.19
- Doubtful	353.34	422.10
Less: Allowances for doubtful trade receivables	353.34	422.10
	<u>705.10</u>	<u>657.19</u>
Other trade receivables:		
- Unsecured, considered good	73,942.64	62,380.86
<b>Total</b>	<u><b>74,647.74</b></u>	<u><b>63,038.05</b></u>

### 20. Cash and bank balances

Particulars	As at 31 <sup>st</sup> March, 2013 (₹ in lac)	As at 31 <sup>st</sup> March, 2012 (₹ in lac)
<b>Cash and cash equivalents</b>		
a) Balances with banks		
- In current accounts	5,663.98	7,296.78
- In deposit accounts with maturity upto three months	0.26	7.00
b) Cheques on hand	371.25	606.38
c) Cash on hand	224.73	277.46
d) Other bank balances		
- Earmarked balances with banks*	145.46	222.53
- Deposits with maturity more than three months but less than twelve months	92.36	24.91
- Deposits with more than twelve months maturity	5,003.18	19.06
	<u>11,501.22</u>	<u>8,454.12</u>
Less: Amounts disclosed as other non current assets (refer note 16)	5,003.18	66.36
<b>Total</b>	<u><b>6,498.04</b></u>	<u><b>8,387.76</b></u>

\* Earmarked balances with banks includes ₹ 109.83 lac (Previous year ₹ 124.90 lac) pertaining to dividend accounts with banks and ₹ 35.63 lac (Previous year ₹ 97.63 lac) pledged with government authorities and others.

### 21. Short-term loans and advances

(unsecured considered good, unless otherwise stated)

Particulars	As at 31 <sup>st</sup> March, 2013 (₹ in lac)	As at 31 <sup>st</sup> March, 2012 (₹ in lac)
Loans and advances to related parties (refer note 36)	-	7,073.66
Others:		
Balance with government authorities	9,575.58	9,450.98
Claims receivables	145.69	154.15
Advances to suppliers	27,633.19	5,957.15
Prepaid expenses	498.30	411.79
Other recoverables:		
- Considered good	9,610.84	9,575.04
- Considered doubtful	136.99	118.87
	<u>9,747.83</u>	<u>9,693.91</u>
Less: Allowances for doubtful advances	136.99	118.87
<b>Total</b>	<u><b>47,463.60</b></u>	<u><b>32,622.77</b></u>



# Consolidated Results of Vardhman Textiles Limited

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2013

### 22. Other current assets

Particulars	As at 31 <sup>st</sup> March, 2013 (₹ in lac)	As at 31 <sup>st</sup> March, 2012 (₹ in lac)
Amount recoverable from Mahavir Share Trust in respect of shares held in trust	1,786.52	1,786.51
Mat credit recoverable	563.47	600.94
<b>Total</b>	<b>2,349.99</b>	<b>2,387.45</b>

### 23. Revenue from operations

Particulars	For the Year ended 31 <sup>st</sup> March, 2013 (₹ in lac)	For the year ended 31 <sup>st</sup> March, 2012 (₹ in lac)
Sale of products	492,987.72	457,757.70
Sale of services	2.50	55.00
Other Operating revenues		
- Export benefits	7,178.19	8,703.62
- Others	1,067.59	988.56
Revenue from operations (Gross)	501,236.00	467,504.88
Less : Excise duty	4,028.56	3,433.86
Revenue from operations (Net)	497,207.44	464,071.02
<b>Sale of products comprise:</b>		
Yarn	259,951.66	250,272.76
Processed fabric	116,706.97	95,024.75
Thread	53,759.63	46,414.51
Fabric	19,361.38	24,610.32
Acrylic fibre and tow	22,804.80	20,117.59
Miscellaneous	17,879.55	19,030.59
Garments	1,928.05	846.70
Rolled	-	375.77
Power	140.68	112.74
Billets	-	8.27
Raw material (Others)	33.36	111.12
Raw material (Cotton)	259.83	663.25
Raw material (Fibre)	161.81	169.33
<b>Total</b>	<b>492,987.72</b>	<b>457,757.70</b>

### 24. Other income

Dividend income from long term trade investments	76.62	78.17
Dividend Income from Current investments	618.88	845.87
Net Gain on sale of Investments		
- Current investments	563.43	323.81
- Long-term investments	181.20	633.56
Gain on foreign currency transactions and translations (Net)	-	966.80
Claims received (Net of expenses)	147.89	191.57
Provisions no longer required written back	438.55	668.90
Adjustment to the carrying amount of investments		
- Reversal of reduction in the carrying amount of current investments	122.51	25.45
Net Gain on sale of Fixed Assets	583.23	390.82
Miscellaneous	1,870.90	1,667.87
Prior period items (net) (refer note 37)	297.53	-
<b>Total</b>	<b>4,900.74</b>	<b>5,792.82</b>

# Consolidated Results of Vardhman Textiles Limited



## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2013

### 25. Cost of materials consumed\*

Particulars	For the Year ended 31 <sup>st</sup> March, 2013 (₹ in lac)	For the year ended 31 <sup>st</sup> March, 2012 (₹ in lac)
Cotton#	171,792.90	185,536.59
Manmade Fibre	38,838.61	35,878.45
Yarn	11,804.95	7,156.25
Fabric	359.42	255.17
others	1,798.24	2,057.00
Acrylonitrile	18,878.68	20,420.18
<b>Total</b>	<b>243,472.80</b>	<b>251,303.64</b>

\* Includes Cost of Goods sold

# Cotton consumed is net of cotton issued for trial run production and insurance claim received on Raw material destroyed in fire of ₹ 445.50 lac (previous year ₹ Nil) & ₹ 1,926.13 lac (previous year ₹ Nil) respectively

### 26. Purchases of Stock-in-trade

Fabric	439.84	4.67
Yarn	195.25	76.60
Garments	0.13	2.18
<b>Total</b>	<b>635.22</b>	<b>83.45</b>

### 27. Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the Year ended 31 <sup>st</sup> March, 2013 (₹ in lac)		For the year ended 31 <sup>st</sup> March, 2012 (₹ in lac)	
Opening stock:				
Work-in-Progress	12,165.01		14,480.23	
Finished Goods	30,265.55	42,430.56	48,533.85	63,014.09
Less: Material transferred for trial run production		2,432.47		-
Add: Material transferred from trial run production		1,911.93		-
Less: Transferred pursuant to cessation of subsidiary relationship		-		6,837.61
		41,910.03		56,176.48
Less: Closing Stock:				
Work-in-Progress	17,076.47		12,165.01	
Finished Goods	37,318.21	54,394.68	30,265.55	42,430.56
<b>Total</b>		<b>(12,484.64)</b>		<b>13,745.92</b>

#### Details of inventory:

	Qty	Amount	Qty	Amount
<u>Work-in-progress</u>				
Yarn		10,886.95		6,930.65
Fabric		1,607.69		1,339.02
Thread		2,393.93		2,216.80
Processed Fabric		1,788.64		1,385.66
Garments		148.08		68.30
Acrylic Fibre		251.18		224.58
<b>Total</b>		<b>17,076.47</b>		<b>12,165.01</b>
<u>Finished goods</u>				
Yarn	8932 MT	17,540.13	8730 MT	16,331.46
Fabric	11.28 Mn Mtrs	7,549.65	9.81 Mn Mtrs	6,285.15
Thread	1636.81 MT	5,450.11	1231.29 MT	3,627.98
Processed Fabric	6.15 Mn Mtrs	5,540.33	3.43 Mn Mtrs	2,938.83
Garments	53411 pcs.	197.28	86205 pcs	316.99
Acrylic Fibre and tow	673.99 MT	985.78	523.08 MT	745.97
Others		54.93		19.17
<b>Total</b>		<b>37,318.21</b>		<b>30,265.55</b>



# Consolidated Results of Vardhman Textiles Limited

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2013

### 28. Employee benefits expense

Particulars	For the Year ended 31 <sup>st</sup> March, 2013 (₹ in lac)	For the year ended 31 <sup>st</sup> March, 2012 (₹ in lac)
Salaries and wages	30,771.17	25,800.51
Contribution to provident and other funds	3,435.20	2,854.92
Staff welfare expenses	733.18	591.35
<b>Total</b>	<b>34,939.55</b>	<b>29,246.78</b>

### 29. Finance costs

Interest expense (net) (Refer note 38)	16,649.84	16,189.17
Other borrowing costs	1,059.54	1,172.67
<b>Total</b>	<b>17,709.38</b>	<b>17,361.84</b>

### 30. Other expenses

Particulars	For the Year ended 31 <sup>st</sup> March, 2013 (₹ in lac)	For the year ended 31 <sup>st</sup> March, 2012 (₹ in lac)
Consumption of stores and spare parts	4,147.21	3,338.95
Dyes and Chemicals consumed	15,767.02	12,652.71
Packing materials and charges	9,371.44	8,268.93
Power and Fuel	55,870.02	46,043.67
Rent	282.45	291.77
Repairs and maintenance to Buildings	1,514.08	976.63
Repairs and maintenance to Machinery	12,909.10	10,791.64
Insurance	686.35	645.90
Rates and Taxes	467.64	375.31
Auditors Remuneration:		
Audit Fee	51.34	49.71
Tax Audit Fee	8.74	8.10
Reimbursement of Expenses	4.83	5.03
In other capacity	10.83	9.35
Bad debts written off	207.23	122.85
Allowances for doubtful trade receivables & advances	126.06	183.86
Loss on foreign currency transactions and translations (Net)	2,505.78	-
Forwarding Charges and Octroi	9,788.20	8,889.92
Commission to Selling Agents	4,639.41	4,771.55
Increase/(decrease) of excise duty on inventory	-	162.89
Rebate and Discount	3,331.80	2,710.05
Miscellaneous	11,491.75	7,703.40
Prior period items (net) (refer note 37)	-	109.70
<b>Total</b>	<b>133,181.28</b>	<b>108,111.92</b>

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2013

### 31. Consolidation Information

#### (A) SUBSIDIARIES:

- i) The Consolidated Financial Statements present the consolidated Accounts of Vardhman Textiles Limited and its subsidiaries and associates :

Name of Subsidiary:	Extent of Parent Company's Shareholding	
	Current Year	Previous Year
a) VMT Spinning Co. Ltd.	73.33%	73.33%
b) VTL Investments Ltd	100.00%	100.00%
c) Vardhman Yarns & Threads Ltd.	51.00%	51.00%
d) Vardhman Acrylics Ltd. (refer note- 34)	67.37%	58.74%
e) Vardhman Nisshinbo Garments Company Ltd. (formerly known as Vardhman Texgarments Ltd.)	51.00%	51.00%
f) Vardhman Special Steels Limited (up to 7th April, 2011)	Nil	100.00 %

#### ii) Principles of consolidation:

- a) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements"
- b) The Consolidated financial statements are prepared using uniform accounting policies for the transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- c) The difference between the cost of investment and the parent's portion of equity in the subsidiary companies as on the date of the holding-subsidiary relationship coming into existence and at anytime thereafter is recognised as capital reserve/goodwill as the case may be.
- d) Investments made by the parent Company in the subsidiary companies subsequent to the holding - subsidiary relationship coming into existence are eliminated while preparing the consolidated financial statements.
- e) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- f) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
- g) Unrealised profits on account of intra group transactions have been accounted for depending upon whether the transaction is an upstream transaction or a downstream transaction.

#### iii) Consolidated financial statements have been prepared after making the following adjustments:

- a) The dividend received by the holding Company amounting to ₹ 744.58 lac (Previous Year ₹ 850.82 lac) from its subsidiary companies included in the schedule of 'Other Income' in its individual balance sheet has been eliminated on consolidation.
- b) The dividend received by the subsidiary Company amounting to ₹ 51.03 lac (Previous Year ₹ 51.03 lac) from its holding Company included in the schedule of 'Other Income' in its individual balance sheet has been eliminated on consolidation.
- c) The Parent's portion of the proposed dividend amounting to ₹ 1,023.97 lac (Previous Year ₹ 744.58 lac) has been reduced from the aggregate of the proposed dividend as reflected in the financial statements of the subsidiary companies, as a result of which the profit carried to the consolidated balance sheet stands increased to that extent.
- d) The subsidiary's portion of the proposed dividend amounting to ₹ 68.04 lac (Previous Year ₹ 51.03 lac) has been reduced from the aggregate of the proposed dividend as reflected in the financial statements of the holding Company, as a result of which the profit carried to the consolidated balance sheet stands increased to that extent.
- e) The unrealised profit on intra group transactions amounting to ₹ 468.06 lac (Previous Year ₹ 172.50 lac) has been reduced from the share of profits of the Parent Company in the Consolidated statement of Profit and Loss.
- f) Unrealised profit for the previous year amounting to ₹ 172.50 lac (Previous Year ₹ 155.82 lac) has been reversed during the year and has been reduced from the figure of unrealised profit amounting to ₹ 468.06 lac (Previous Year ₹ 172.50 lac) made during the year.

#### (B) ASSOCIATES

- (i) Investment in associates has been accounted for as per the Equity Method of accounting as prescribed by Accounting Standard (AS)



# Consolidated Results of Vardhman Textiles Limited

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2013

- 23 on "Accounting for Investments in Associates" as issued by Companies (Accounting Standards) Rules, 2006 in the Consolidated Financial Statements.

- Goodwill amounting to ₹ 0.70 lac arising on the investment made by the company in the equity of its associate i.e. Vardhman Textile Components Ltd. has been reduced from the carrying amount of investment in Consolidated Financial statements. The carrying amount of investment has also been adjusted thereafter to account for the share in the net assets of the associate after the date of acquisition of such shares.
- The Company accounts for its share in change in net assets of the associates, post-acquisition, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Statement of Profit and Loss to the extent such change is attributable to the associates' Profit or Loss, through its reserves for the balance, based on available information.
- The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

(ii) The details of investment in associates made by Vardhman Textiles Limited are given below:-

Associate Company	Ownership Interest & Voting Power	Original cost of Investment	Amount of Capital Reserve included in original cost	Amount of Goodwill included in original cost	Accumulated profit at the year end	Carrying amount at the year end
Vardhman Textile Components Ltd	21.43%	30.00	-	0.70	51.89	81.19
Vardhman Spinning & General Mills Limited	50.00%	2.50	0.42	-	4.24	7.16
Vardhman Special Steels Limited	31.39%	582.50	-	-	959.33	1,541.83

(iii) Company's share of contingencies and capital commitment in its associate for which the Company is also contingently liable is ₹ Nil (Previous Year ₹ Nil).

32. There are contingent liabilities in respect of the following items:

No outflow is expected in view of the past history relating to these items:-

- Claims not acknowledged as debts
- Guarantee given by the Company on behalf of another Company, to the extent utilized.
- Bank Guarantees and Letters of Credit outstanding
- Bills discounted with banks

33. Estimated amount of contracts remaining to be executed on Capital Account (Net of advances)

34. The Board of Directors of Vardhman Acrylics Ltd., a subsidiary Company approved the buyback of upto 2 crore fully paid up equity shares of ₹ 10/- each, at a price not exceeding ₹ 12.50/- payable in cash, upto an aggregate amount not exceeding ₹ 25 crore from the open market through Stock Exchange(s). During the year, the Company has bought back and extinguished 13,906,160 Equity Shares of ₹ 10/- each. Further, 530,416 equity shares bought back during the period ended 31<sup>st</sup> March, 2013 have been extinguished subsequently on 4th April, 2013 & 117,565 shares have been extinguished subsequently on 13<sup>th</sup> April, 2013. Consequently, ₹ 1,390.62 lac have been transferred to Capital Redemption Reserve as per requirements of section 77AA of Companies Act, 1956.

35 **Segment reporting:**

Segment Information as required by Accounting Standard (AS)-17 on Segment Reporting issued by Companies (Accounting Standards) Rules, 2006 and as compiled on the basis of the consolidated financial statements is disclosed below:-

The Company has identified five segments (Previous year six, including steel) as reportable segments viz. yarn, sewing thread, fibre, garments and fabric. The yarn segment comprises production of various types of yarns (from cotton, manmade fibres and blends thereof) and yarn processing activities.

	As At 31 <sup>st</sup> March, 2013 (₹ In Lac)	As At 31 <sup>st</sup> March, 2012 (₹ In Lac)
	<b>1,485.86</b>	1,220.05
	<b>232.90</b>	232.90
	<b>28,343.08</b>	22,257.78
	<b>4,176.64</b>	8,289.88
	<b>27,210.29</b>	25,256.66

# Consolidated Results of Vardhman Textiles Limited



## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2013

### a) Primary segment information:

(₹ in lac)

	Yarn		Fabric		S.Thread		Steel		Fibre		Garments		Unallocated		Total	
	Current Year	Previous Year														
<b>REVENUE</b>																
External sales	280,943.40	275,884.59	139,793.62	122,214.18	55,344.52	47,680.12	-	354.20	19,069.96	17,000.20	1,759.09	741.77	296.85	195.96	497,207.44	464,071.02
Inter-segment sales	86,641.43	69,801.73	631.39	346.53	147.89	270.53	-	-	24,550.71	21,989.25	6.43	-	18,662.85	14,487.45	130,640.70	106,895.49
Other income	1,951.64	2,630.52	414.08	887.13	399.83	580.82	-	1.50	77.43	107.40	(4.32)	7.04	83.25	21.73	2,921.91	4,236.14
Total revenue	369,536.47	348,316.84	140,839.09	123,447.84	55,892.24	48,531.47	-	355.70	43,698.10	39,096.85	1,761.20	748.81	19,042.95	14,705.14	630,770.05	575,202.65
<b>RESULT</b>																
Segment results	44,057.65	18,543.41	16,703.74	12,456.05	6,867.53	6,343.32	-	28.47	3,174.67	2,783.50	(232.86)	(268.23)	4,341.79	1,562.59	74,912.52	41,449.11
Unallocated Corporate Expenses (Net)															1,924.68	621.30
Operating profit															72,987.84	40,827.81
Interest expense																
Income tax - Current															14,518.52	6,106.10
- Mat Credit entitlement																
- Deferred															2,303.82	524.94
- Fringe benefit																
Profit from ordinary activities															38,456.12	16,834.92
Extraordinary loss / (income)																
Net profit															38,456.12	16,834.92
<b>OTHER INFORMATION</b>																
Segment assets	373,496.86	322,339.71	129,205.20	102,039.00	56,415.21	52,870.67	-	-	31,155.51	30,396.93	4,242.83	3,869.99	17,169.22	17,781.72	611,684.82	529,298.02
Unallocated Corporate Assets															67,186.85	68,136.62
Total assets	373,496.86	322,339.71	129,205.20	102,039.00	56,415.21	52,870.67	-	-	31,155.51	30,396.93	4,242.83	3,869.99	17,169.22	17,781.72	678,871.68	597,434.64
Segment Liabilities	22,686.67	22,093.32	6,725.83	5,997.87	6,937.62	5,999.10	-	-	2,933.15	2,658.14	326.85	684.10	904.59	226.12	40,514.71	37,658.65
Unallocated Corporate Liabilities															9,273.86	281,627.97
Total liabilities	22,686.67	22,093.32	6,725.83	5,997.87	6,937.62	5,999.10	-	-	2,933.15	2,658.14	326.85	684.10	904.59	226.12	49,788.57	319,286.62
Capital expenditure	17,887.96	27,792.38	21,147.07	2,811.57	2,059.19	3,564.59	-	-	120.44	146.24	81.09	614.33	7.99	1.58	41,303.74	34,930.69
Depreciation & Amortization	18,627.48	17,127.96	6,218.78	5,778.18	2,314.57	2,090.83	-	7.53	1,128.93	1,122.59	121.85	116.10	958.74	960.54	29,370.36	27,203.73
Non-cash expenses other than depreciation & Amortization																

### b) Secondary segment information:

Segment revenue – External turnover

- within India
- outside India

Total revenue

**For the year ended  
31<sup>st</sup> March, 2013  
(₹ in lac)**

**327,136.64  
170,070.80**

**497,207.44**

For the year ended  
31<sup>st</sup> March, 2012  
(₹ in lac)

295,468.70  
168,602.32

464,071.02

#### Segment Revenue & Expenses:

Segment revenue comprises sales to external customers and inter segment sales. Segment expenses comprises expenses that are directly attributable to the segment and expenses relating to transactions with other segments of the enterprise.

#### Segment Assets & Liabilities:

Segment assets include all operating assets used by a segment and consist of cash and bank balances, debtors, inventories and fixed assets. Segment liabilities include all operating liabilities and consist of creditors and other liabilities. Segment assets and liabilities do not include current and deferred taxes.

#### Inter Segment Transfers:

Inter segment transfers are accounted for at prevailing market prices. These transfers are eliminated in consolidation.

## 36. Related party disclosure

(a) Disclosure of Related Parties and relationship between the parties.

1. Subsidiaries

VMT Spinning Co. Ltd  
Vardhman Acrylics Ltd.  
VTL Investments Ltd.  
Vardhman Yarns & Threads Ltd  
Vardhman Nisshinbo Garments Company Ltd  
(formerly known as Vardhman Texgarments Ltd)  
Vardhman Special Steels Limited (up to 7th April, 2011)

2. Associates

Vardhman Special Steels Ltd (w.e.f 8th April 2011)  
Vardhman Textile Components Ltd  
Vardhman Spinning & General Mills Limited  
(Formerly known as Vardhman Linen Ltd.)  
Marubeni Corporation, Marubeni Textiles Asia Limited, Toho Tenax Company Limited

3. Key Management Personnel

Mr. S.P. Oswal  
Mr. D.L.Sharma  
Mr. B.K.Choudhary  
Mr. Sachit Jain  
Mrs. Suchita Jain  
Mr. Neeraj Jain



# Consolidated Results of Vardhman Textiles Limited

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2013

4. Enterprises over which Key Management Personnel and relative of such personnel is able to exercise significant influence
- Vardhman Holdings Limited  
Vardhman Apparels Ltd  
Smt. Banarso Devi Oswal Public Charitable Trust  
Sri Aurobindo Socio Economic and Management Research Institute  
\*Adinath Investment & Trading Co.  
\*Devakar Investment & Trading Co. (P) Ltd.  
\*Srestha Holdings Ltd.  
\*Santon Finance & Investment Co. Ltd.  
\*Flamingo Finance & Investment Co. Ltd.  
\*Ramaniya Finance & Investment Co. Ltd.  
\*Marshall Investment & Trading Co. (P) Ltd.  
\*Pradeep Mercantile (P) Ltd.  
\*Plaza Trading Co. (P) Ltd.  
\*Mahavir Spinning Mills (P) Limited  
(Formerly known as Vardhman Textile Processors (P) Ltd.)  
\*Anklesh Investments (P) Ltd.  
\*Syracuse Investment & Trading Co. (P) Ltd.  
\*\*Northern Trading Co.  
\*\*Ambar Syndicate  
\*\*Paras Syndicate  
\*\*Adinath Syndicate  
\*\*Eastern Trading Company

Note:\* Only Loan Transactions have taken place with these companies.

\*\* No transaction has taken place during the year.

(b) Description of the nature of transactions with the related parties:

(₹ in Lac)

Particulars	Associates		Key Management Personnel (KMP)		Enterprises over which KMP is able to exercise significant influence		TOTAL	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Purchase / processing of goods	273.58	289.53	-	-	-	-	273.58	289.53
Sale/processing of goods	41.43	60.63	-	-	-	-	41.43	60.63
Sale of DEPB licences	1,050.92	1,099.77	-	-	-	-	1,050.92	1,099.77
Purchase of Fixed Assets	0.06	-	-	20.88	-	-	0.06	20.88
Donation	-	-	-	-	100.00	100.00	100.00	100.00
Rent Paid	-	-	-	-	7.81	6.96	7.81	6.96
Payment against licence agreement*	-	-	-	-	101.43	82.50	101.43	82.50
Interest paid	-	-	-	-	201.55	184.80	201.55	184.80
Interest received	268.47	102.44	-	-	-	-	268.47	102.44
Rent received	0.60	0.30	-	-	-	-	0.60	0.30
Managerial remuneration	-	-	1,235.68	546.00	-	-	1,235.68	546.00
Loan Given (Including Opening Balance)	68,090.37	19,121.05	4.72	6.29	-	-	68,095.09	19,127.34
Loan Repayment	68,090.37	16,765.00	1.57	1.57	-	-	68,091.94	16,766.57
Closing Balance	-	2,356.05	3.15	4.72	-	-	3.15	2,360.77
Loan Taken (Including opening balance)	-	-	-	-	4,736.30	6,705.05	4,736.30	6,705.05
Loan Repayment	-	-	-	-	4,588.50	4,757.75	4,588.50	4,757.75
Closing Balance	-	-	-	-	147.80	1,947.30	147.80	1,947.30

\* excluding service tax

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2013

### 37. Prior period items are as follows:-

Particulars	For the year ended 31 <sup>st</sup> March, 2013 (₹ in lac)	For the year ended 31 <sup>st</sup> March, 2012 (₹ in lac)
Other Expenses	64.30	213.19
Cost of Materials Consumed	15.07	1.55
Finance Costs	11.24	35.28
Employee Benefits Expense	6.88	57.04
Purchase of Stock-in-trade	0.39	4.22
Other Income	(158.31)	(30.88)
Revenue From Operations	(237.10)	(170.70)
<b>Net Prior period (Income)/Expense</b>	<b>(297.53)</b>	<b>109.70</b>

### 38. Interest expense is net of interest income from :-

Particulars	For the year ended 31 <sup>st</sup> March, 2013 (₹ in lac)	For the year ended 31 <sup>st</sup> March, 2012 (₹ in lac)
(i) Related parties	444.61	102.44
(ii) Current investments	1,388.03	1,292.09
(iii) Banks & others	1,253.26	1,230.46

### 39. Earning per share

The calculation of Earning Per Share (EPS) as disclosed in the Statement of profit and loss has been made in accordance with Accounting Standard (AS)-20 on "Earning Per Share" issued by Companies (Accounting Standards) Rules, 2006.

A statement on calculation of basic and diluted EPS is as under:

Particulars	Current year (₹ in lac)	Previous year (₹ in lac)
Net Profit after tax & minority interest attributable to equity shareholders	35,638.30	14,136.29
Total (A)	35,638.30	14,136.29
Weighted average number of equity shares (No in lac)	625.18	625.18
Total (B)	625.18	625.18
Basic earning per Share (₹) (A/B)	57.00	22.61
Diluted earning per Share (₹) (A/B)*	57.00	22.61
Face value per equity share (₹)	10.00	10.00

\*There are no potential equity shares

40. The company has provided the loss for outstanding derivative options on mark to market basis in the current financial year. The figures for the current financial year and the previous financial year may not be comparable.

41. The detail of Goodwill as on 31.03.2013

	Current Year (₹ in lac)	Previous Year (₹ in lac)
Goodwill as per last account	506.03	506.03
Less : adjusted against Capital Reserve on acquisition of shares	212.88	212.88
	<b>293.15</b>	<b>293.15</b>



# Consolidated Results of Vardhman Textiles Limited

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2013

### 42. Project and Pre-operative expenses:-

(₹ in lac)

Particulars	Current year	Previous year
<b>Development account</b>		
Stores & spares consumed	13.95	-
Vehicle expenses	0.81	-
Insurance	10.96	-
Miscellaneous	67.40	-
Interest	318.73	-
<b>Total - A</b>	<b>411.85</b>	-
<b>Trial Run Expenses</b>		
Raw Material Consumed	445.50	-
Material transferred for trial run	2,436.90	-
Power & Fuel	334.07	-
Stores & spares consumed	486.17	-
Machinery Repair	2.69	-
Salary, Wages & Bonus	90.11	-
Staff Welfare	0.07	-
Insurance	4.17	-
Selling expenses	62.30	-
Rent, Rates and Taxes	0.11	-
Miscellaneous	41.93	-
Interest	361.86	-
<b>Total - B</b>	<b>4,265.88</b>	-
<b>Total (C=A+B)</b>	<b>4,677.73</b>	-
Less : Sale of Finished Goods	3,291.04	-
Less : Export benefits received	83.79	-
Less : Finished Goods transferred from trial run	1,911.93	-
<b>Total of trial run income - D</b>	<b>5,286.76</b>	-
<b>Net income from trial run (D - C)</b>	<b>609.03</b>	-
Less : Allocated to Plant & Machinery	535.25	-
Buildings	54.55	-
Capital work in progress	19.23	-
<b>Total Allocation- E</b>	<b>609.03</b>	-
<b>Pending Allocation (E-D)</b>	<b>Nil</b>	-

43. Previous year's figures have been recast/regrouped wherever necessary, to make these comparable with current year's figures.

44. Figures in brackets indicate deduction.

45. Figures pertaining to the subsidiary companies have been regrouped/recast wherever necessary to bring them in line with the parent Company's financial statements.

As per our report of even date

For S.C. Vasudeva & Co.,  
Chartered Accountants  
Firm Regn. No.: 000235N

SANJIV MOHAN  
Partner  
(M.No. 86066)

PLACE : NEW DELHI  
DATED: 28th MAY, 2013

KARAN KAMAL WALIA  
Company Secretary

RAJEEV THAPAR  
CGM (Finance,  
Accounts & Taxation)

For and on behalf of the Board of Directors

SACHIT JAIN  
Executive Director

S.P. OSWAL  
Chairman &  
Managing Director

PLACE : GURGAON  
DATED: 28th MAY, 2013

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES:

Name of Subsidiary Company	Financial Year ending of the Subsidiary	Number of Shares held & Face Value	Extent of Holding	For Financial Year of the Subsidiary			For the Previous Financial Years since it became a Subsidiary	
				Profit/(Losses) so far it concerns the Holding Company and not dealt with the books of accounts of the Holding Company (Except to the extent dealt within Col.6)	Profit/(Losses) so far it concerns the members of the Holding Company and dealt within the books of accounts of the Holding Company.	Profit/(Losses) so far it concerns the members of the Holding Company and not dealt within the books of accounts of the Holding Company (Except to the extent dealt within Col. 8)	Profit/(Losses) so far it concerns the members of the Holding Company and not dealt within the books of accounts of the Holding Company.	
(1)	(2)	(3)	(4)	(5) (₹ in lac)	(6) (₹ in lac)	(7) (₹ in lac)	(8) (₹ in lac)	
VMT Spinning Company Limited	31.03.2013	15,180,060 of ₹ 10/- each	73.33%	399.44	Nil	4,197.63	1,903.64	
VTL Investments Limited	31.03.2013	4,000,000 of ₹ 10/- each	100.00%	205.96	Nil	2,596.46	800.00	
Vardhman Yarns & Threads Limited	31.03.2013	29,072,240 of ₹ 10/- each	51.00%	2,200.49	Nil	7,282.48	2,363.66	
Vardhman Acrylics Limited	31.03.2013	63,753,661 of ₹ 10/- each	67.37%	1,644.04	Nil	6,738.89	Nil	
Vardhman Nishinbo Garments Company Limited	31.03.2013	7,140,000 of ₹ 10/- each	51.00 %	(247.65)	Nil	(315)	Nil	

Note : There has been increase in shareholding of Vardhman Acrylics Limited from 58.74% to 68.55% due to consequential increase post buyback of equity shares of Vardhman Acrylics Limited.

**For and on behalf of the Board**

**PLACE : GURGAON  
DATED : 28th MAY, 2013**

**KARAN KAMAL WALIA  
Company Secretary**

**RAJEEV THAPAR  
CGM (Finance,  
Accounts & Taxation)**

**SACHIT JAIN  
Executive Director**

**S.P. OSWAL  
Chairman &  
Managing Director**

## STATEMENT PURSUANT TO SECTION 212 (8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES:

(₹ in lac)

Particular	VMT Spinning Company Limited		VTL Investments Limited (Formerly Known as Vardhman Threads Ltd.)		Vardhman Yarns & Threads Limited		Vardhman Acrylics Limited		Vardhman Nisshinbo Garments Company Limited	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
(a) Capital	2,070.02	2,070.02	400.00	400.00	5,700.64	5,700.64	9,462.63	10,853.25	1400.00	1400.00
(b) Reserves	6,040.04	5,737.51	2,802.42	2,596.46	35,021.78	32,707.92	16,481.34	14,228.03	(1,103.23)	(617.64)
(c) Total Assets	13,973.05	13,453.29	3,203.61	2,997.73	56,627.20	53,017.80	31,879.83	30,631.22	4,259.06	3,938.40
(d) Total Liabilities	13,973.05	13,453.29	3,203.61	2,997.73	56,627.20	53,017.80	31,879.83	30,631.22	4,259.06	3,938.40
(e) Details of investment (Except in case of Investment in the subsidiaries)	-	-	2,652.55	1,436.85	6,593.87	10,129.83	13,487.27	8,874.21	-	-
(f) Turnover(Net)	14,745.41	14,450.58	218.63	191.31	54,053.92	46,468.87	43,649.41	39,014.09	1,765.53	743.13
(g) Profit before Taxation	800.71	(241.29)	256.19	176.67	6,366.81	5,973.64	3,794.95	3,528.74	(485.59)	(425.20)
(h) Provision for Taxation	256.00	54.44	50.23	25.13	2,052.13	2,003.15	1,354.63	1,075.24	-	1.67
(i) Profit after Taxation	544.71	(186.85)	205.96	151.54	4,314.68	3,970.49	2,440.39	2,448.94	(485.59)	(423.53)
(j) Proposed dividend (including tax thereon)	242.18	120.29	-	-	2,000.84	1,523.85	-	-	-	-

**Note:** In terms of the provision of Section 212 (8) of the Companies Act, 1956 read with General Circular No. 51/12/2007 CL-III, the Company has been granted a general exemption from attaching to the Balance Sheet of the Company, the Accounts and other documents of its subsidiary Companies. However, the Consolidated Financial Statement of the Company, which include the results of aforesaid subsidiaries, are included in this Annual Report. Further, a Statement containing the particulars prescribed under the terms of the said exemption for the Company's aforesaid Subsidiaries is also given above. The hard copies of the related detailed information can be sought by any investor of the Company or its subsidiary on making a written request to the Company in this regard. The Annual Accounts of the aforesaid Subsidiary Companies are also available for inspection by any investor at the Registered Office of the Company and /or its Subsidiaries.

**For and on behalf of the Board**

<b>PLACE : GURGAON</b>	<b>KARAN KAMAL WALIA</b>	<b>S.P. OSWAL</b>
<b>DATED : 28th MAY, 2013</b>	<b>Company Secretary</b>	<b>Chairman &amp; Managing Director</b>
	<b>RAJEEV THAPAR</b>	<b>SACHIT JAIN</b>
	<b>CGM (Finance, Accounts &amp; Taxation)</b>	<b>Executive Director</b>

# VARDHMAN TEXTILES LIMITED

REGD. OFFICE: CHANDIGARH ROAD, LUDHIANA - 141 010



## PROXY FORM

I/We.....  
of.....  
in the District .....being a Member/Members  
of Vardhman Textiles Limited hereby appoint.....  
of.....in the  
District .....failing him/her  
.....of.....  
.....in the District .....  
as my/our proxy to vote for me/us on my/our behalf at the 40th Annual General Meeting of the Company to be held at Registered Office of the  
Company situated at Chandigarh Road, Ludhiana, at 12.00 Noon, on Saturday, the 31<sup>st</sup> day of August, 2013 and at any adjournment thereof.  
Signed this.....day of.....2013.

Affix  
Revenue  
Stamp here

Signature.....  
Address.....  
Folio No./Client-Id.....

- NOTES :
1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote on poll instead of himself/herself.
  2. The Proxy form duly signed across Revenue Stamp should reach the Company's Registered Office at least 48 hours before the time of meeting.

(TEAR HERE)

# VARDHMAN TEXTILES LIMITED

REGD. OFFICE: CHANDIGARH ROAD, LUDHIANA - 141 010



## SUGGESTIONS

In case you have any suggestion for the betterment of your Company, please do write to us.

Suggestion.....  
.....  
.....  
Name.....Folio No./Client-Id.....  
Address.....  
.....Pin Code

(TEAR HERE)

# VARDHMAN TEXTILES LIMITED

REGD. OFFICE: CHANDIGARH ROAD, LUDHIANA - 141 010



## ATTENDANCE SLIP

I hereby record my presence at the 40th Annual General Meeting of the above named Company being held at Registered Office of the Company situated at Chandigarh Road, Ludhiana, at 12.00 Noon, on Saturday, the 31<sup>st</sup> day of August, 2013.

.....  
Full Name of the Member  
(IN BLOCK LETTERS)  
Folio No./ Client-Id .....  
.....  
Full Name of the Proxy  
(IN BLOCK LETTERS)

.....  
Signature  
No. of Shares held.....  
.....  
Signature

NOTE: Members attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

(TEAR HERE)

## Financial Highlights of Five Years

Parameters	2012-13	2011-12	2010-11	2009-10#	2008-09#
Gross Sales (Domestic + exports)	4,160.77	3,919.46	3,636.96	2,767.22	2,495.38
FOB Value of Exports	1,599.59	1,603.08	1,218.26	704.00	627.03
Net Profit	323.73	109.67	469.70	213.76	140.77
Profit Before Tax (PBT)	454.84	145.46	608.61	287.02	203.1
Cash Profit (PBT + Dep)	708.69	380.13	834.63	507.89	410.42
Gross Block (GFA + CWIP)	4,543.96	4,151.48	3,796.27	3,611.65	3,414.27
Net Block(NA + CWIP)	2,548.41	2,377.06	2,239.75	2,223.01	2,240.66
Paid up Share Capital	63.65	63.65	63.65	57.77	57.77
Net Worth	2,276.57	1,996.02	1,918.26	1,455.85	1,272.75
Capital Employed	5,528.39	4,831.12	4,947.07	4,273.03	3,945.94
Debt Equity Ratio	1.20:1	1.22:1	1.48:1	1.78:1	1.96:1
Current Ratio	2.03:1	2.28:1	2.44:1	3.41:1	3.08:1

#The figures for FY 2009-10 and FY 2008-09 are as per old schedule- VI of the Companies Act, 1956.

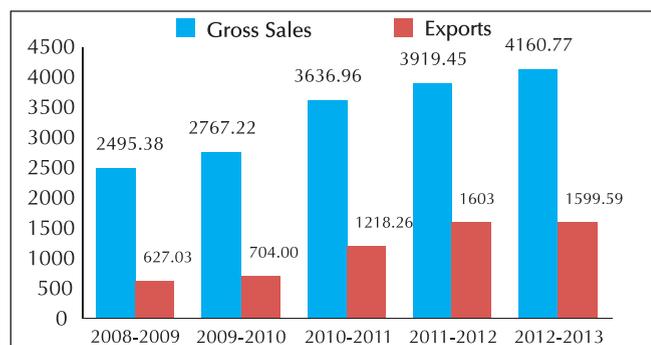
The figures for the Financial Year 2010-11 are not comparable with the previous years figures as these figures include the figures of only 9 months of the Steel Business as the Business stood vested in Vardhman Special Steels Limited w.e.f. 1st January, 2011.

## Equity Shares Data of Five Years

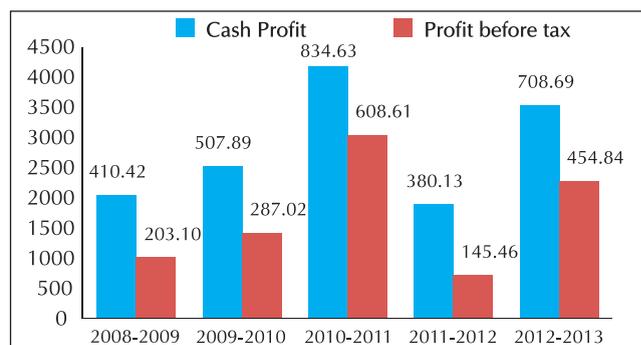
	2012-13	2011-12	2010-11	2009-10	2008-09
Book value per share (₹)	357.67	313.58	301.37	252.01	220.31
Earnings Per Share (₹)					
Basic	50.86	17.23	78.06	37	24.37
Diluted	50.86	17.23	78.06	31.83	18.48
Cash Earnings Per Share (₹)	111.34	59.72	131.16	87.92	71.04
Dividend per Share (₹)	6	4.5	4.5	3	2
Price to Basic Earnings (P/E)	5.17	11.59	3.32	7.19	1.95
Price to Cash Earnings	2.36	3.34	1.97	3.03	0.67
Price to Book Value	0.73	0.64	0.86	1.06	0.22

Price to Basic Earnings (P/E), Price to Cash earnings and Price to Book value has been calculated after taking into account the closing price of the Shares of the Company on 31/03/2013 on Bombay Stock Exchange i.e. ₹ 262.70.

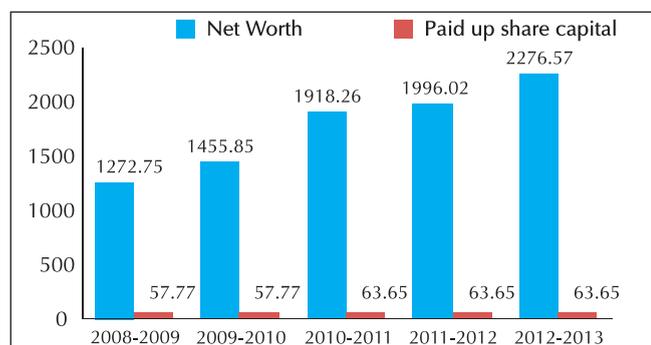
Gross Sales and Exports (₹ in Crore)



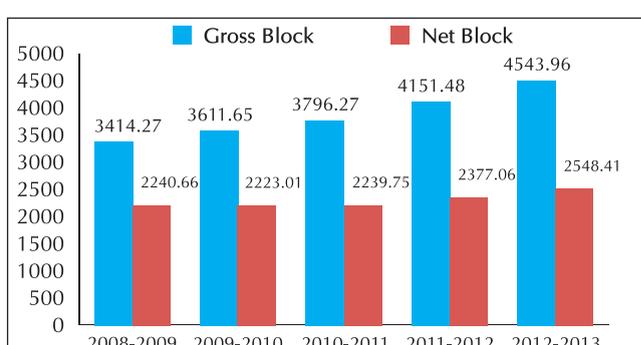
Cash Profit and Profit Before Tax (₹ in Crore)



Shareholder's Funds (₹ in Crore)



Gross Block and Net Block (₹ in Crore)

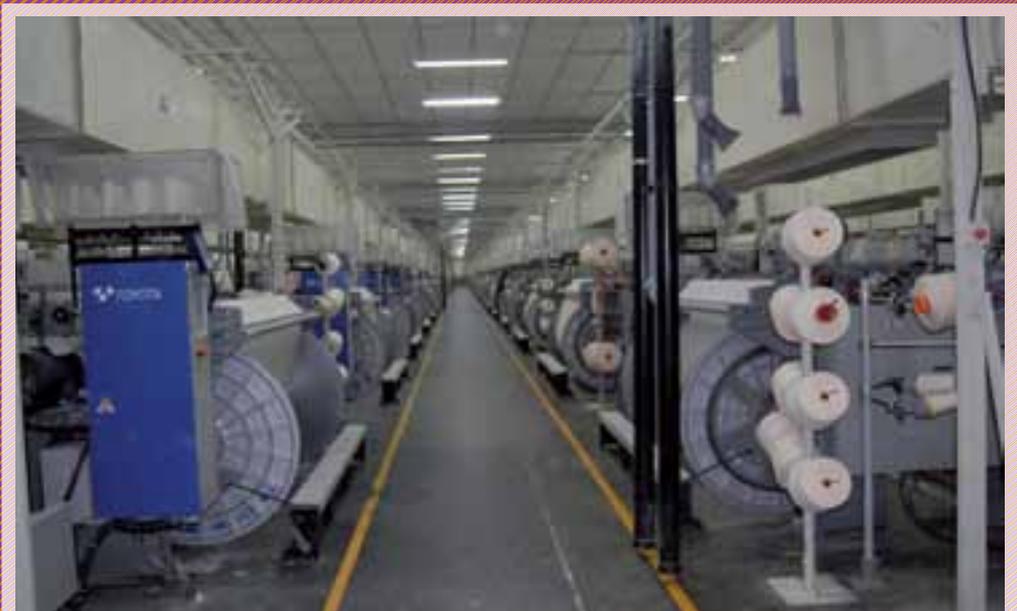


Previous years' figures have been recast/regrouped wherever necessary to make these comparable with Current Year's figures.

*Another feather in the cap...*



*Mr. S. P. Oswal, Chairman & Managing Director and Mrs. Shakun Oswal on the occasion of achieving 10 lac spindlage mark by the Group at Vardhman Yarns, Satlapur.*



*Newly commissioned Looms at the integrated textile unit of the Company at Vardhman Fabrics, Budhni.*